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 2015

CONTENTS

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, a company incorporated in the Cayman Islands with limited liability on the main board of the Stock Exchange
Directors	the director(s) of the Company
Biofit	Shanghai Biofit Environmental Technology Co., Ltd., a company incorporated in the PRC with limited liability
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
Eastwest	Eastwest Holdings Group., Ltd, a company wholly-owned by an executive Director of the Company
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
independent third parties	has the meaning ascribed to it under the Listing Rules
IPO	the initial public offering of the Shares by the Company on 13 June 2012

Latest Practicable Date	7 September 2015
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
Placing Agent	Qilu International Capital Limited, a corporation licensed by the Securities and Futures Commission to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
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 2015
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Shanghai Xi Hua	Xi Hua Shanghai Investment Management Company Limited, a company incorporated in PRC, and a wholly-owned subsidiary of the Company
Shares	shares of the Company in issue, all of which are listed on the Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
substantial shareholder(s)	has the meaning ascribed to it under the Listing Rules
Suzhou Dongtong	Suzhou Dongtong Construction and Development Co. Ltd.
Vendors	Shanghai Dong Xi Investment Development Company Limited, Shanghai Yue Quan Industrial Company Limited and Yu Jian Zhong
%	per cent

CORPORATE INFORMATION

Board of Directors

Executive Directors
Xie Yingxia *(Chairman)*
Jin Chungen
Ling Chao (appointed on 28 May 2015)

Non-executive Directors
Tseung Hok Ming
Yang Bin (resigned on 28 May 2015)

Independent non-executive Directors
Cao Guoqi
Cao Kuangyu
Lee Ho Yiu Thomas

Company Secretary

Sun Xin

Auditor

BDO Limited
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

Authorized Representatives

Xie Yingxia (appointed on 28 May 2015)
Sun Xin
Yang Bin (resigned on 28 May 2015)

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
Shops 1712-1716,17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

Hong Kong Legal Advisor

Li & Partners
22nd Floor, World-Wide House
Central, Hong Kong

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Company Website

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MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

Cement Segment

From January to June 2015, major macro-economic indicators have shown that China's economy grew slowly. During the Reporting Period, the GDP recorded an increase by 7%, compared to 7.4% of the corresponding period last year, whereas the fixed asset investment recorded a nominal growth of 11.4%, compared to 17.3% of the corresponding period last year. Among which, the total fixed asset investment in construction industry was RMB216.7 billion, increasing by 5.2% as compared to RMB206.0 billion during the corresponding period last year. (Source: PRC National Statistics Bureau)

From January to June 2015, the domestic cement production posted a decrease of 5.33% year on year to 1.077 billion tonnes, representing a decrease of approximately 6.9% as compared with the corresponding period last year. Affected by weak market demand and continuous drop in price, the gross profit margin and net profit margin of cement industry decreased in the first half of 2015 compared with the corresponding period of 2014. (Source: Digital Cement Net)

The Group belongs to the market in the Eastern China region. Affected by slowdown of macro-economic growth and prolonged rainy season, the price of cement dropped significantly in the first half of 2015 as compared with the corresponding period last year. Based on the price of cement in the provincial cities of the main sales zone in Jiangsu Province, Zhejiang Province and Shanghai of the Group, from January to June 2015 the average price of cement in the above three provinces/city decreased, with the average prices of PO42.5 cement in Nanjing (capital of Jiangsu Province), Hangzhou (capital of Zhejiang Province) and Shanghai were RMB247 per tonne, RMB301 per tonne and RMB295 per tonne respectively, representing a decrease of 29.0%, 23.3% and 28.7% as compared with the corresponding period last year. (Source: Digital Cement Net)

Affected by the factors such as macro-economic slowdown, rainy season and large-scale equipment maintenance, the sales volume, revenue and gross profit margin of the Group in the first half of 2015 have decreased substantially compared to the corresponding period last year, and recorded a loss in the first half of 2015.

Environmental Protection Segment

The PRC government and all parties from the society are paying more and more attention to environmental protection issues, and have listed the environmental protection industry as one of the strategic industries in the long term development. With the promulgation of *Action Plan on Prevention and Control of Water Pollution* (the "Ten Measures for Water Pollution") by the State Council on 16 April 2015, it is proposed that by 2020, China's water environment quality will gradually improve, the quality of drinking water will be safeguarded and the underground water pollution will be under strict control. It is expected that the external investment on environmental protection industry will increase rapidly. The "Thirteen Five Year Plan" intends to invest RMB6 trillion on air, water and soil environment protection, representing an increase of RMB1 trillion as compared to RMB5 trillion in the "Twelfth Five Year Plan", among which, RMB4.6 trillion is to be invested in water pollutant protection. It is intended to implement overall control on pollutants such as the total nitrogen and phosphorus in the key areas, including areas around rivers, lakes and seas and in the key industries. The environmental protection industry in the PRC will continue to expand in the near future, with sewage and sludge treatment as focus on environment improvements, and generate more investment gains.

According to the annual report issued by the United Nations on 20 March 2015, 40% of the countries and regions around the world will face drought issues by 2030. China is lacking of water resources, the average ownership per capita only accounts for one forth of the average level of the world, ranking one of the 13 most water-deficient countries in the world. Therefore, advocating scientific water consumption is urgent. With the continuous development of the economy, increase in population, and the urbanization process, emission of sewage and sludge in China has been increasing in successive years. Industries related to traditional fossil energy and water-usage intensive industries usually consume plenty of water resources and cause pollution accordingly. The development of these industries provides good opportunities for the development of the market of sewage and sludge.

In recent years, China has set up high standards for sewage and sludge treatment, strictly monitored environmental pollution and protection while increasing environmental protection subsidy for enterprises, as a result of which, sewage and sludge treatment in cities and towns is currently in a stage of rapid development. In this stage, with the increasing of investment in projects and the promotion by national strategy, enterprises merchants and investors in capital markets are paying more and more attention to environmental protection industry.

In view of this, the Group acquired Biofit during the Reporting Period, aiming to expand to the environmental protection segment market. The environmental protection segment of the Group has been put into operation since 30 April 2015.

Business and Financial Review

Turnover

During the Reporting Period, the Group's turnover amounted to approximately RMB109,411,000, of which, the cement segment achieved turnover of approximately RMB109,124,000, representing a decrease of approximately RMB52,924,000 or 32.7% from approximately RMB162,048,000 in the corresponding period in 2014. The decrease was primarily attributable to the followings during the Reporting Period:

1. the effects by slowdown of macro-economic growth, the gloomy cement industry and substantial drop in the price of cement in Eastern China; and

2. rainy season in the year lasting for more than one month, thus significantly affecting the demand for cement.

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

	For the six months ended 30 June					
	2015			2014		
	Sales Volume Thousand tonnes	**Average Selling Price RMB/ tonne**	**Turnover RMB'000**	Sales Volume Thousand tonnes	Average Selling Price RMB/ tonne	Turnover RMB'000
PO 42.5 Cement	**233.6**	**224.34**	**52,405**	320.6	296.3	94,994
PC 32.5 Cement	**286.0**	**198.32**	**56,719**	275.1	240.1	66,052
Clinker	**–**	**–**	**–**	3.8	263.8	1,002

By product, the sales volume of the Group's cement products during the Reporting Period amounted to approximately 519.6 thousand tonnes, representing a decrease of approximately 13.3% year on year, while the sales revenue of cement products decreased by approximately 32.2% year on year to approximately RMB109,124,000. During the Reporting Period, the clinker produced by the Company was all used in production of cement and external sales, as compared the income from clinker sales of approximately RMB1,002,000 in the corresponding period last year.

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

	For the six months ended 30 June			
	2015		2014	
	Turnover RMB'000	**% of total turnover**	Turnover RMB'000	% of total turnover
Jiangsu Province	**96,211**	**88.2%**	141,122	87.1%
Wujiang District	**77,572**	**71.1%**	114,407	70.6%
Suzhou (excluding Wujiang District)	**18,639**	**17.1%**	26,715	16.5%
Zhejiang Province	**10,971**	**10.0%**	17,889	11.0%
South Zhejiang Province (Taizhou, Zhoushan and Ningbo)	**10,768**	**9.8%**	13,095	8.0%
Jiaxing	**203**	**0.2%**	4,794	3.0%
Shanghai	**1,942**	**1.8%**	3,037	1.9%
Total	**109,124**	**100.0%**	162,048	100.0%

During the Reporting Period, due to unsatisfactory sales volume, both the sales volume and selling price of cement have decreased to different levels. The turnover of respective regions has decreased compared to the corresponding period last year.

As to environmental protection segment, Biofit is devoted to such niches as sludge treatment and disposal, reclaimed water treatment, and dyeing wastewater treatment.

As of 30 June 2015, Biofit has a total of nine projects, of which some have been completed and some are in progress, with four projects totally completed, three having 90% of their work finished, and two having 30% of their work finished. These nine projects focus on wastewater treatment of mining factories, among which, six projects deal with the construction or renovation of wastewater treatment on enterprise's end, one project deals with the construction of sewage plant, and two project deal with the rural sewage treatment.

In addition, Biofit conducted pilot tests on wastewater treatment for two enterprises during the Reporting Period, proving that the proprietary technology owned by Biofit has remarkable performance in terms of wastewater treatment.

Shaoxing Xiangyu Environmental Protection Technology Co. Ltd.* (紹興祥禹環保科技有限公司), a company affiliated to Biofit, is a third-party professional operator engaged in industrial park environment, with a focus on facilities for wastewater treatment in the dyeing industry.

As of 30 June 2015, the Company has entered into a third-party operation contract with a textile dyeing enterprise in Shaoxing, with wastewater treatment of 5,000 tonnes per day.

During the period from 30 April to 30 June 2015, the environmental protection segment achieved turnover of approximately RMB287,000.

Gross Profit and Gross Profit Margin

During the Reporting Period, the Group's gross profit amounted to approximately RMB-6,431,000.

As to cement segment, the gross profit amounted to approximately RMB-6,504,000, a significant decrease of approximately RMB13,389,000 or 194.5% compared to approximately RMB6,885,000 in the corresponding period last year, while the gross profit margin during the Reporting Period amounted to approximately -6.0%, a decrease of approximately 10.2% compared to approximately 4.2% in the corresponding period last year. Apart from the substantial drop in price and demand of cement mentioned above, the decrease was also attributable to the relatively large-scale maintenance on environment-friendly and energy-saving equipment conducted by the Company during the Reporting Period, resulting in pressure on the costs.

As to environmental protection segment, during the period from 30 April to 30 June 2015, the gross profit amounted to approximately RMB73,000, and the gross profit margin amounted to approximately 25.4%.

Other Income

During the Reporting Period, the Group's other income amounted to approximately RMB4,113,000, all generated from cement segment. Such other income grew approximately 88% from RMB2,187,000 in the corresponding period last year. The increase was mainly due to recognition of interest income of approximately RMB3,204,000 arising from borrowing to Suzhou Dongtong during the Reporting Period.

Sales and Distribution Expenses
During the Reporting Period, the Group's distribution costs amounted to approximately RMB863,000.

As to the cement segment, the distribution costs amounted to approximately RMB863,000, representing a decrease of approximately 22.1% as compared to approximately RMB1,108,000 in the corresponding period last year. The decrease was mainly due to reduced turnover during the Reporting Period. Sales and distribution fees accounted for approximately 0.8% of the consolidated revenue of the cement segment which has an increase compared to approximately 0.7% in the corresponding period last year.

As to the environmental protection segment, during the period from 30 April to 30 June 2015, the distribution costs amounted to approximately RMB nil.

Administrative Expenses
During the Reporting Period, the Group's general and administrative expenses amounted to approximately RMB9,981,000.

As to the cement segment, the general and administrative expenses amounted to approximately RMB7,723,000, representing an increase of approximately 14.0% from approximately RMB6,776,000 in the corresponding period last year. The increase in the general and administrative expenses was primarily due to increase in provision for bad debts and increase in wage costs during the Reporting Period.

As to the environmental protection segment, during the period from 30 April to 30 June 2015, the administrative expenses amounted to approximately RMB2,258,000.

Income Tax Expense
During the Reporting Period, the Group's income tax credit amounted to approximately RMB1,430,000, representing a significant decrease from income tax expense of approximately RMB96,000 in the corresponding period last year, mainly attributed to deferred income tax assets of approximately RMB1,430,000 due to loss incurred during the Reporting Period.

Details of the Group's income tax are set out in note 9 to the condensed consolidated financial statements in this report.

Net Profit Margin

During the Reporting Period, the Group's net profit margin was approximately -12.9%.

As to the cement segment, the net profit margin was approximately -9.23%, representing a significant decrease as compared to approximately -0.21% in the corresponding period last year. The decrease was mainly due to the decrease in sales revenue and the increase in the manufacturing cost which resulted from reasons set forth in the sections of "Turnover" and "Gross Profit and Gross Profit Margin" mentioned above, resulting in a decrease of profit to RMB-10,068,000 from approximately RMB-334,000 in the corresponding period last year during the Reporting Period.

As to the environmental protection segment, during the period from 30 April to 30 June 2015, the net loss amounted to RMB2,225,000 and the net profit margin was approximately -775.3%.

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 2015 RMB'000	31 December 2014 RMB'000
Cash and cash equivalents	**34,686**	20,120
– Cement segment	**32,871**	20,120
– Environmental protection segment	**1,815**	NA
Borrowings	**55,000**	50,000
– Cement segment	**50,000**	50,000
– Environmental protection segment	**5,000**	NA
Debt to equity ratio	**43.4%**	15%
– Cement segment	**20.6%**	15%
– Environmental protection segment	**36.9%**	NA
Debt to asset ratio	**30.3%**	11.4%
– Cement segment	**25.9%**	11.4%
– Environmental protection segment	**58.5%**	NA

Cash Flow

As at 30 June 2015, the Group's cash and cash equivalents amounted to approximately RMB34,686,000.

As to the cement segment, the cash and cash equivalents amounted to approximately RMB32,871,000, representing an increase of approximately 63.4% from approximately RMB20,120,000 as at 31 December 2014. The increase was primarily due to recovery of investment to Dongtong of RMB15,000,000 during the Reporting Period.

As to the environmental protection segment, the cash and cash equivalents amounted to approximately RMB1,815,000.

Borrowing

	30 June 2015 RMB'000	31 December 2014 RMB'000
Current:		
Bank borrowings		
– Cement segment	**50,000**	50,000
– Environmental protection segment	**5,000**	NA
	55,000	50,000

During the Reporting Period, the bank borrowings of the Group's cement segment remained stable. Bank borrowings of the Group as at 30 June 2015, bearing fixed interest rate, amounted to approximately RMB50,000,000, remained unchanged compared to that as at 31 December 2014.

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 8 April 2016.

Bank borrowings of the Group's environmental protection segment as at 30 June 2015, bearing fixed interest rate, amounted to approximately RMB5,000,000.

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 15 March 2016.

Details of the Group's borrowings due are set out in note 17 in the condensed consolidated interim financial statements.

As at 30 June 2015, the Group had unutilized bank financing facilities of RMB50,000,000.

Debt to Equity Ratio

As at 30 June 2015, the Group's debt to equity ratio was 43.4%.

As to the cement segment, the debt to equity ratio was 20.6%, representing an increase compared to 15% as at 31 December 2014.

As to the environmental protection segment, the debt to equity ratio was 36.9%.

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 2015, the Group's capital expenditure amounted to approximately RMB39,916,000, among others, the capital expenditure of the cement segment amounted to approximately RMB39,616,000, representing a notable increase from approximately RMB5,720,000 in the corresponding period last year. The increase was primarily due to consideration of approximately RMB26,603,000 paid to acquire Biofit on 16 February 2015.

As to the environmental protection segment, the capital expenditure amounted to approximately RMB300,000.

As at 30 June 2015, the Group did not have any material capital commitments.

Pledge of Assets

As at 30 June 2015, the Group did not pledge any of its assets during the Reporting Period.

Contingent Liabilities

As at 30 June 2015, 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 dollars. The debts denominated in foreign currencies were primarily due to the Group's payment of offshore intermediary fees. During the Reporting Period, the Group was not materially affected in operating business and operational capital due to fluctuations in foreign exchange rates.

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 2015, HK$52,799,000 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 of the Company dated 16 February 2015, Shanghai Xi Hua entered into the acquisition agreement with the Vendors, pursuant to which Shanghai Xi Hua agreed to purchase the entire equity interest of Biofit, at a consideration of RMB32 million. Biofit is a company possessing tier-3 professional contractor qualification for environmental engineering, and mainly engaged in organic wastewater treatment, sludge treatment and disposal, comprehensive treatment of urban organic waste and other integrated environment services. According to the report issued by the independent auditors on 27 March 2015, the consideration of the acquisition was adjusted to RMB30,254,269. As of the Latest Practicable Date, the entire consideration has been paid. The acquisition of Biofit will generate synergy with the existing operations and diversify business income streams of the Group. Biofit has completed the industrial and commercial registration for its new shareholder in April 2015. For further details of the acquisition, please refer to the announcements of the Company dated 16 February 2015 and 13 April 2015.

During the Reporting Period, save for the acquisition above, the Group did not conduct any substantial acquisitions or disposals of its subsidiaries or associated companies.

Issuance of New Shares

On 23 January 2015, the Company entered into the placing agreement with the Placing Agent, pursuant to which the Placing Agent has agreed to place, to not less than six placees who are independent third parties to subscribe up to 40,000,000 new Shares of the Company at a price of HK$1.30 per placing Share. The placing was completed on 13 February 2015 and the independent third parties did not become substantial Shareholders of the Company after completion of the placing. The aggregate nominal value of the placing Shares issued is HK$400,000 (equivalent to approximately RMB316,000).

Please refer to the announcements of the Company dated 23 January 2015 and 13 February 2015 for further details of the placing.

During the Reporting Period, save for the foregoing, the Company has not issued any new shares.

Interim Dividend

The Board does not recommend payment of any interim dividend for the six months ended 30 June 2015.

Employees and Remuneration Policies

As at 30 June 2015, the Group had a total of 259 employees. The total remuneration of our employees amounted to approximately RMB5,027,000 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).

OTHER INFORMATION

Share Capital

As at 30 June 2015, the Company's issued share capital was HK$5,520,000, divided into 552,000,000 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 2015, 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	53.89%
Jin Chungen[2]	Interest of controlled corporation	Long position	77,500,000	14.04%
Ling Chao[3]	Interest of controlled corporation	Long position	7,086,000	1.28%

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. Eastwest is wholly-owned by Mr. Ling Chao, an executive Director. Accordingly, Mr. Ling is deemed to be interested in the same Shares of the Company held by Eastwest by virtue of Part XV of the SFO.

Save as disclosed in the above, as at 30 June 2015, 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 and 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 2015, 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 of the Company

As at 30 June 2015, 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	53.89%
Tseung Hok Ming[1]	Interest of controlled corporation	Long position	297,500,000	53.89%
Qilu International Investment Limited[3]	Beneficial owner	Long position	297,500,000	53.89%
Qilu International Holdings Limited[3]	Interest of controlled corporation	Long position	297,500,000	53.89%
Qilu Securities Company Limited	Interest of controlled corporation	Long position	297,500,000	53.89%
Laiwu Steel Group Limited[3]	Interest of controlled corporation	Long position	297,500,000	53.89%
Shandong Iron & Steel Group Co., Ltd.[3]	Interest of controlled corporation	Long position	297,500,000	53.89%
Concord[2]	Beneficial owner	Long position	77,500,000	14.04%
Jin Chungen[2]	Interest of controlled corporation	Long position	77,500,000	14.04%
Joy Wealth Finance Limited[4]	Beneficial owner	Long position	65,500,000	11.87%
Pacific Plywood Holdings Limited[4]	Interest of controlled corporation	Long position	65,500,000	11.87%
Allied Summit Inc.[4]	Interest of controlled corporation	Long position	65,500,000	11.87%
Su WeiBiao[4]	Interest of controlled corporation	Long position	65,500,000	11.87%

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.

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. Shandong Iron & Steel Group Co., Ltd. owns 100% interest in Qilu Securities Company Limited through Laiwu Steel Group Limited, in which Shandong Iron & Steel Group Co., Ltd. holds 45.71% interest. Qilu Securities Company Limited owns 100% interest in Qilu International Investment Limited through Qilu International Holdings Limited, in which Qilu Securities Company Limited holds 100% interest. Each of Qilu International Holdings Limited, Qilu Securities Company Limited, Laiwu Steel Group Limited and Shandong Iron & Steel Group Co., Ltd. is deemed to be interested in the Share of the Company held by Qilu International Investment Limited by virtue of Part XV of the SFO.

4. Mr. Su WeiBiao owns 80% interests in Allied Summit Inc., which in turn owns 58.27% 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 2015, so far as is known to the Directors, no other persons had any interest or short position in the Shares and underlying Shares of the Company which had to be notified to the Company or The Stock Exchange pursuant to divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein.

New Share Option Scheme

The Company adopted a share option scheme (the "Share Option Scheme") on 28 May 2012 (the "Adoption Date"). The purpose of the Share Option Scheme is to provide person(s) working for the interests of our Group with an opportunity to obtain an equity interest in the Company, thus linking their interests with the interests of our Group and thereby providing them with an incentive to work better for the interests of our Group. Pursuant to the Share Option Scheme, the Directors may, at their absolute discretion, invite all of the Directors, any full-time or part-time employee of the Company or the Group and any advisor or consultant (whether on an employment or contractual or honorary basis and whether paid or unpaid) who our Board considers, in its sole discretion, have contributed to the Company or the Group (the "Eligible Person"), to participate in the Share Option Scheme to subscribe for the ordinary shares of the Company (the "Option"). The Share Option Scheme shall continue in force for the period commencing from the Adoption Date and expiring at the close of business on the third anniversary of the Adoption Date (the "Scheme Period"), after which period no further Options shall be granted. But the provisions of the Scheme shall remain in full force and effect in all other respects in respect of the Options remaining outstanding and exercisable on the expiry of the Scheme Period. The grantee may exercise the Option within 3 years from the date of grant (the "Date of Grant") of the Option ("Option Period"). All of the outstanding Option shall lapse if the Option Period expires, the holders' loss of office or cessation to be the member of the Group.

The maximum number of Shares which may be issued upon exercise of all Options granted under the Share Option Scheme or any other share option schemes that the Company adopts must not exceed 30% of the Shares of the Company in issue 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 or any other schemes must not in aggregate exceed 10% of the Shares of the Company (or its subsidiaries) as of the Listing Date, being 50,000,000 Shares (the Scheme Mandate Limit") for this purpose, which represents approximately 9.06% of the total issued capital of the Company at the date of this report. Any Option lapsed in accordance with the terms of the Share Option Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit. Unless approved by Shareholders in general meeting, the total number of Shares issued and to be issued upon grant of Options by each under the Share Option Scheme in any 12-month period must not exceed 1% of the Shares of the Company in issue at such time.

The existing share option scheme adopted by the Company has expired on 27 May 2015, and the Company has approved to adopt the New Share Option Scheme ("New Share Option Scheme") on 28 May 2015, which shall be effective for the duration commencing from 28 May 2015 and expiring at the close of business on the day of the tenth year of the Adoption Date (the "New Scheme Period"). For details of the New Share Option Scheme, please refer to the circular of the Company dated 27 April 2015.

The Company did not grant any share options under the original share option scheme or the New 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

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 set out in Appendix 10 to the Listing Rules 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 2015 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, 20 August 2015

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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 26 to 48, 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 2015 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.

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".

BDO Limited
Certified Public Accountants
Chan Wing Fai
Practising Certificate no. P05443

Hong Kong, 20 August 2015

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
	Note	**2015 RMB'000 (Unaudited)**	2014 RMB'000 (Unaudited)
Revenue	8	**109,411**	162,048
Cost of sales		**(115,842)**	(155,163)
Gross (loss)/profit		**(6,431)**	6,885
Distribution costs		**(863)**	(1,108)
Administrative expenses		**(9,981)**	(6,776)
Other income		**4,113**	2,187
Other losses		**(395)**	(1,493)
Operating loss		**(13,557)**	(305)
Finance income		**90**	555
Finance costs		**(1,924)**	(1,714)
Financial costs – net		**(1,834)**	(1,159)
Share of results of an associate	13	**(168)**	(37)
Loss before income tax credit/(expense)	10	**(15,559)**	(1,501)
Income tax credit/(expense)	9	**1,430**	(96)
Loss for the period		**(14,129)**	(1,597)
Loss attributable to equity holders of the Company		**(14,129)**	(1,597)
Total comprehensive loss for the period		**(14,129)**	(1,597)
Total comprehensive loss attributable to the equity holders of the Company		**(14,129)**	(1,597)
Loss per share for loss attributable to equity holders of the Company for the period (expressed in RMB per share)			
– Basic and diluted loss per share	20	**(0.026)**	(0.003)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	11	**127,231**	121,556
Land use rights	11	**16,639**	16,912
Goodwill	12	**11,364**	–
Intangible assets	12	**8,876**	–
Interest in an associate	13	**4,259**	4,427
Trade and other receivables	14	**60,389**	61,350
Total non-current assets		**228,758**	204,245
Current assets			
Inventories		**31,436**	33,369
Trade and other receivables	14	**203,372**	157,193
Short-term bank deposits		**20,000**	20,000
Cash and cash equivalents		**34,686**	20,120
Total current assets		**289,484**	230,682
Current liabilities			
Trade and other payables	16	**90,297**	39,337
Current tax payable		**3,388**	3,524
Borrowings	17	**55,000**	50,000
Total current liabilities		**148,685**	92,861
Net current assets		**140,809**	137,821
Total assets less current liabilities		**369,567**	342,066
Non-current liabilities			
Deferred tax liabilities	18	**8,142**	7,134
Total non-current liabilities		**8,142**	7,134
NET ASSETS		**361,425**	334,932
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	19	**4,490**	4,174
Other reserves		**322,558**	282,252
Retained earnings		**34,377**	48,506
TOTAL EQUITY		**361,425**	334,932

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 2015 (audited)		**4,174**	**282,252**	**48,506**	**334,932**
Issue of shares	19	**316**	**40,306**	**–**	**40,622**
Comprehensive loss					
Loss for the period		**–**	**–**	**(14,129)**	**(14,129)**
Total comprehensive loss for the period ended 30 June 2015		**–**	**–**	**(14,129)**	**(14,129)**
Balance at 30 June 2015 (unaudited)		**4,490**	**322,558**	**34,377**	**361,425**
Balance at 1 January 2014 (audited)		4,174	281,317	43,700	329,191
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)		4,174	281,317	42,103	327,594

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	Note	Six months ended 30 June 2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Cash flows from operating activities			
Cash generated from operations		**11,348**	194
Tax refund		**(136)**	–
Interest paid		**(1,924)**	(1,193)
Net cash generated from/(used in) operating activities		**9,288**	(999)
Cash flows from investing activities			
Interest received		**90**	555
Payment for acquisition of a joint venture		**–**	(75,000)
Acquisition of subsidiaries (net of cash and cash equivalent acquired)	23	**(17,221)**	–
Purchase of property, plant and equipment		**(13,313)**	(5,720)
Net cash used in investing activities		**(30,444)**	(80,165)
Cash flows from financing activities			
Process from borrowing		**55,000**	50,000
Repayment of borrowing		**(59,900)**	(50,000)
Proceeds from issuing of shares		**40,622**	–
Net cash generated from financing activities		**35,722**	–
Net increase/(decrease) in cash and cash equivalents		**14,566**	(81,164)
Cash and cash equivalents at the beginning of the period		**20,120**	112,105
Exchange gain on cash and cash equivalents		**–**	161
Cash and cash equivalents at end of the period		**34,686**	31,102

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 (collectively referred to as the "Group") are principally engaged in the production and sales of cement and provision of sewage and sludge treatment operation and construction services. The principal place of the Group's business is Fenhu Economic Development Zone, Wujiang, Jiangsu Province, the People's Republic of China (the "PRC").

As at 30 June 2015, the Company has direct or indirect interests in the subsidiaries as set out below:

Name	Place of incorporation/ operation	Principal activities	Particulars of issued/ paid-in capital	Equity interest held	
				Direct	Indirect
Dongwu International Investment Limited ("Dongwu Investment")	British Virgin Islands ("BVI")/PRC	Investment holding	USD50,000	100%	–
Dongwu Cement (Hong Kong) Limited ("Dongwu HK")	Hong Kong	Investment holding	HK$1	–	100%
蘇州東吳水泥有限公司 (Suzhou Cement Co., Ltd.*, "Dongwu Cement")	PRC	Production and sales of cement	USD29,000,000	–	100%
Dongwu Science & Technology Investment Company Limited ("Dongwu Technology")	Hong Kong	Science and technology Investment	HK$1	–	100%
熙華（上海）投資管理有限公司 (Xihua Shanghai Investment Management Co., Ltd.*, "Xihua Investment")	PRC	Investment management and consultation	USD 10,000,000	–	100%

1 GENERAL INFORMATION *(CONTINUED)*

Name	Place of incorporation/ operation	Principal activities	Particulars of issued/ paid-in capital	Equity interest held Direct	Equity interest held Indirect
上海百菲特環保科技有限公司 (Shanghai Biofit Environmental Technology Co., Ltd.*, "Shanghai Biofit")	PRC	Provision of sewage treatment operation and construction services	RMB12,121,200	–	100%
濟寧百菲特環保科技有限公司 (Jining Biofit Environmental Technology Co., Ltd.*, "Jining Biofit")	PRC	Provision of sewage treatment operation and construction services	RMB10,000,000	–	100%
上海富誠環保科技有限公司 (Shanghai Fu Cheng Environmental Technology Co., Ltd.*, "Shanghai Fu Cheng")	PRC	Provision of sewage treatment operation and construction services	RMB5,000,000	–	100%
紹興祥禹環保科技有限公司 (Shao Xing Yu Environmental Technology Co., Ltd.*, "Shao Xing Yu")	PRC	Provision of sewage treatment operation and construction services	RMB3,000,000	–	100%

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

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 20 August 2015.

This condensed consolidated interim financial information (the "Financial Information") for the six months ended 30 June 2015 (the "Reporting 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 should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The Financial Information has been prepared under historical cost convention, except that certain financial assets and liabilities are recognized initially at fair value and subsequently measured at amortized cost using 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 2014, as described in those annual financial statements, except for the adoption of the following new standards and interpretations as of 1 January 2015 and the policies stated in 3.1 below:

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

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 2015 and which have not been early adopted.

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
HKFRS 9 (2014)	Financial Instruments[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[2]

[1] Effective for annual periods beginning on or after 1 January 2016
[2] Effective for annual periods beginning on or after 1 January 2017
[3] Effective for annual periods beginning on or after 1 January 2018

The Group has commenced an assessment of the impact of the above amendment to the standard and interpretation but is not yet in a position to state whether the above amendment to the standard and interpretation 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 2014, 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 2014.

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.

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

5.3 Fair value estimation

None of the Group's assets are subsequently measured at fair value at 30 June 2015 (30 June 2014: None).

6 SEASONALITY OF OPERATIONS

There is no obvious seasonality of operations noted for the Group for the six months ended 30 June 2015 and 2014.

7 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Board. During the Reporting Period, the Group established, among others, new business segment, resulting in a change in composition of reportable operating segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The Board has identified the Group's product and service lines as reportable operating segments as follow:

(i) Production and sales of cements;

(ii) Provision of sewage and sludge treatment operation and construction services. (new segment during the Reporting Period)

All of the revenue from external customers and non-current assets of the Group are derived from activities or located in the PRC. Accordingly, no geographical information is presented.

7 SEGMENT INFORMATION *(CONTINUED)*

Corresponding items of segment information for the six months ended 30 June 2014, during which, the Board considered the Group had one reporting segment, have been restated for consistent presentation with current Reporting Period's segment information.

For the six months ended 30 June 2015 (unaudited)

	Production and sales of cements RMB'000	Provision of sewage and sludge treatment operation and construction services RMB'000	Total RMB'000
Segment revenue	109,124	287	109,411
Segment results	(11,386)	(2,337)	(13,723)
Unallocated income			–
Unallocated expenses			(1,836)
Income tax credit	1,318	122	1,430
Loss for the period			(14,129)
As at 30 June 2015 (unaudited)			
Segment assets	436,508	67,530	504,038
Unallocated assets			14,214
Total assets			518,252
Segment liabilities	113,189	39,051	152,690
Unallocated liabilities			4,137
Total liabilities			156,827

7 SEGMENT INFORMATION *(CONTINUED)*

For the six months ended 30 June 2014 (unaudited) (restated)

	Production and sales of cements RMB'000	Provision of sewage and sludge treatment operation and construction services RMB'000	Total RMB'000
Segment revenue	162,048	–	162,048
Segment results	(238)	–	(238)
Unallocated income			–
Unallocated expenses			(1,263)
Income tax expenses	(96)	–	(96)
Loss for the period			(1,597)
As at 31 December 2014 (audited) (restated)			
Segment assets	433,381	–	433,381
Unallocated assets			1,546
Total assets			434,927
Segment liabilities	99,992	–	99,992
Unallocated liabilities			3
Total liabilities			99,995

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for both periods. The revenue derived from one of the external customers amounted to 17.04% of the Group's revenue for the Reporting Period (six months ended 30 June 2014: 14.72%).

8 REVENUE

The Company is an investment holding company. Its subsidiary in PRC is principally engaged in the manufacture and sales of cement and provision of sewage and sludge treatment operation and construction services. Revenue is analyzed as follows:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Ordinary Portland cement strength class 42.5	**52,405**	94,994
Composite Portland cement strength class 32.5	**56,719**	66,052
Clinker	**–**	1,002
Sewage and sludge treatment operation and construction services	**287**	–
	109,411	162,048

9 INCOME TAX CREDIT/(EXPENSE)

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax	**–**	–
Deferred tax on origination and reversal of temporary differences (Note 18)	**1,430**	(96)
	1,430	(96)

Pursuant to the rules and regulations of Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in those jurisdictions.

Hong Kong profits tax rate is 16.5% for the Reporting Period (30 June 2014: 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 Reporting Period (six months ended 30 June 2014: 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% from 1 January 2008 onwards.

Tax loss incurred by Dongwu Cement can be carried forward for five financial 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 2015 is 6% (six months ended 30 June 2014: 6%).

10 LOSS BEFORE INCOME TAX CREDIT/(EXPENSE)

The Group's profit before income tax credit/(expense) is arrived at after charging:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	**102,411**	121,259
Depreciation	**8,779**	12,434
Amortisation	**583**	202
Research and development expenses	**190**	–
Employee expenses (including directors' remuneration)		
– wages and salaries	**5,027**	7,434
– pension scheme contribution	**1,083**	1,913
Auditor remuneration	**120**	586
Provision of doubtful debts (Note 14)	**377**	112

11 PROPERTY, PLANT AND EQUIPMENT AND LAND USE RIGHTS

	Property, plant and equipment	Land use Rights
	RMB'000	RMB'000
Six months ended 30 June 2015		
Net book value		
Opening amount as at 1 January 2015 (audited)	**121,556**	**16,911**
Additions	**13,313**	**–**
Addition from acquired of subsidiaries (Note 23)	**1,141**	**–**
Depreciation and amortisation	**(8,779)**	**(272)**
Closing amount as at 30 June 2015 (unaudited)	**127,231**	**16,639**
Six months ended 30 June 2014		
Net book value		
Opening amount as at 1 January 2014 (audited)	134,034	17,316
Additions	5,720	–
Depreciation and amortisation	(12,434)	(202)
Disposals	(1,467)	–
Closing amount as at 30 June 2014 (unaudited)	125,853	17,114

12 GOODWILL AND INTANGIBLE ASSETS

	Goodwill RMB'000	Intangible assets RMB'000
Six months ended 30 June 2015		
Net book value		
Opening amount as at 1 January 2015 (audited)	–	–
Addition from acquired of subsidiaries (Note 23)	11,364	9,187
Amortisation	–	(311)
Closing amount as at 30 June 2015 (unaudited)	11,364	8,876
Six months ended 30 June 2014		
Net book value		
Amount as at 1 January 2014 (audited) and 30 June 2014 (unaudited)	–	–

13 INTEREST IN AN ASSOCIATE

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

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Associate	**4,259**	4,427

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

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Share of results of an associate	**(168)**	(37)

13 INTEREST IN AN ASSOCIATE *(CONTINUED)*

Details of the associate are as follows:

Name of associate	Place of incorporation/ operation	Form of business structure	Principal activities	Particulars of issued/paid-in capital	Proportion of voting power	Percentage of equity held by the Group
銀杏樹藥業(蘇州)有限公司 (GinkgoPharma Co., Ltd. *, "GinkgoPharma")	PRC	Corporation	Manufacturing and selling of pharmaceutical products	RMB12,300,000	20% (note)	Indirect, 10%

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

Note: 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 GonkgoPharma and has the power to participate in the financial and operating policy decisions of GinkgoPharma.

14 TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Trade receivables due from third parties	**110,236**	74,473
Less: provision for impairment of trade receivables	**(1,053)**	(676)
Trade receivables, net	**109,183**	73,797
Bills receivable	**23,209**	44,729
Trade and bills receivables	**132,392**	118,526
Amounts due from customers for contract work (Note 15)	**15,896**	–
Prepayments for		
– acquisition of materials	**21,332**	15,416
– acquisition of machinery	**–**	1,030
	21,332	16,446
Loans to Suzhou Dongtong Construction and Development Co. Ltd ("Dongtong")	**69,604**	66,400
Amount due from a third party company	**–**	16,600
Other receivables	**24,537**	571
	263,761	218,543
Less: non-current portion		
– Prepayment for acquisition of machinery	**–**	(1,030)
– Loans to Dongtong	**(60,320)**	(60,320)
– Other receivables	**(69)**	–
	(60,389)	(61,350)
Trade and other receivables	**203,372**	157,193

As at 30 June 2015 and 31 December 2014, no bills receivable was pledged for the borrowings.

All non-current receivables are due within five years from the end of the year.

14 TRADE AND OTHER RECEIVABLES *(CONTINUED)*

The effective interest rates on non-current receivables were as follows:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Loans to Dongtong	**10.45%**	10.45%

The credit terms for most of the customers range from 30 to 90 days. One of the top five customers is granted a credit term of 180 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.

At 30 June 2015 and 31 December 2014, the ageing analyses of the trade receivables due from third parties were as follows:

	As at	
	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Below 90 days	**48,944**	53,806
From 91 days to 180 days	**28,385**	14,554
From 181 days to 1 year	**27,119**	4,263
From 1 year to 2 years	**4,735**	1,356
Over 2 years	**1,053**	494
	110,236	74,473

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.

14 TRADE AND OTHER RECEIVABLES *(CONTINUED)*

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

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Opening balance	**676**	6,756
Provision for the period (Note 10)	**377**	112
Balance recovered during the period	**–**	(1,567)
Receivables written off during the period as uncollectible	**–**	(4,699)
Closing balance at 30 June	**1,053**	602

15. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	30 June	31 December
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Contracts in progress at the end of period:		
Contract costs incurred	**33,878**	–
Recognised profits less recognised losses	**3,662**	–
	37,540	
Progress billings	**(21,644)**	–
	15,896	–
Represented by:		
Due from customers included in current assets	**15,896**	–

16 TRADE AND OTHER PAYABLES

	As at	
	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Trade payables	75,607	33,274
Advances from customers	–	1,288
Salary payables	748	1,165
Other tax payables	570	1,001
Other payables	13,372	2,609
	90,297	39,337

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.

The ageing analysis of the trade payables are as follows:

	As at	
	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Below 30 days	24,416	14,947
From 31 to 90 days	19,250	14,246
From 91 days to 180 days	4,676	1,795
From 181 days to 1 year	19,687	1,018
From 1 year to 2 years	6,886	495
Over 2 years	692	773
	75,607	33,274

17 BORROWINGS

The Group has no secured borrowings as at 30 June 2015 and 31 December 2014.

Interest expense on borrowings for the Reporting Period was RMB1,924,000 (six months ended 30 June 2014: RMB1,710,000).

The carrying amounts of the Group's borrowings approximated to their fair values as at 30 June 2015 and 31 December 2014.

The Group's borrowings are denominated in RMB.

18 DEFERRED INCOME TAX LIABILITIES

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Opening balance at 1 January (audited)	**7,134**	4,773
Acquisition through business combination (Note 23)	**2,438**	–
(Credited)/charged to profit or loss (Note 9)	**(1,430)**	96
Closing balance at 30 June (unaudited)	**8,142**	4,869

19 SHARE CAPITAL

	Number of shares (thousands)	**Share capital**
		RMB'000
Balance at 1 January 2015 (audited)	512,000	4,174
Issue of shares (note)	40,000	316
Balance at 30 June 2015 (unaudited)	552,000	4,490
Balance at 1 January 2014 (audited) and 30 June 2014 (unaudited)	512,000	4,174

19 SHARE CAPITAL *(CONTINUED)*

Note: On 23 January 2015, the Company entered into the placing agreement with the placing agent pursuant to which the placing agent has agreed to place, to not less than six placees who are independent third parties to subscribe up to 40,000,000 new shares at a price of HK$1.30 per placing share. The placing was completed on 13 February 2015 and the independent third parties did not become substantial shareholders of the Company after the completion of placing. The aggregate nominal value of the placing share issued is HK$400,000 (equivalent to approximately RMB316,000).

20 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	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss attributable to equity shareholders of the Company (RMB'000)	**(14,129)**	(1,597)
Weighted average number of ordinary shares in issue (thousand share)	**542,444**	512,000
Basic and diluted loss per share (RMB)	**(0.026)**	(0.003)

As there were no dilutive options and other dilutive potential shares in issue during the six months ended 30 June 2015 and 2014, diluted loss per share is the same as basic loss per share.

21 COMMITMENTS

As at 30 June 2015, the Group has no significant capital and operating lease commitments (31 December 2014: None).

22 RELATED-PARTY TRANSACTIONS

Key management remuneration

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

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Basic salaries and benefit in kind	**764**	780

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 2015 (six months ended 30 June 2014: Nil).

23 BUSINESS COMBINATION

On 30 April 2015, the Group acquired entire equity interest in Shanghai Biofit Environmental Technology Co. Ltd and its subsidiaries (together the "Biofit Group") at a consideration of RMB30,254,000. Biofit Group is principally engaged in business of engaged in organic wastewater treatment, sludge treatment and disposal, comprehensive treatment of urban organic waste and other integrated environment services. The acquisition was made as part of the Group's strategy to generate synergy with the existing operations and diversify business income streams of the Group.

Detail of the net assets acquired and goodwill are as follows:

	RMB'000
Purchase consideration	30,254
Fair value of net assets acquired	(18,890)
Goodwill	11,364

The goodwill of RMB11,364,000, which is not deductible for tax purposes, comprises the acquired workforce and the value of expected synergies arising from the combination of acquired business with the existing operations of the Group.

23 BUSINESS COMBINATION *(CONTINUED)*

The fair value of identifiable assets and liabilities of the acquiree as at the date of acquisition were:

	RMB'000
Property, plant and equipment	1,141
Intangible assets	9,187
Trade receivables	4,682
Amounts due from customers for contract work	16,896
Prepayments, deposits and other receivables	27,557
Bank and cash balances	9,382
Trade payables	(35,096)
Accruals and other payables	(2,521)
Borrowings	(9,900)
Deferred tax liabilities recognised upon fair value adjustments (Note 17)	(2,438)
Net assets attributed to the Group acquired	18,890
Bank and cash balances acquired	9,382
Cash consideration paid	(26,603)
Net cash outflow	(17,221)

Since the acquisition date, the Biofit Group has contributed RMB287,000 and RMB2,225,000 to Group's revenue and loss respectively. If the acquisition had occurred on 1 January 2015, the Group's revenue and loss would have been RMB16,284,000 and RMB4,161,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2015, nor is it intended to be a projection of future performance.

None of the receivables have been impaired and it is expected the full contractual amounts can be collected.

The acquisition-related costs expensed in the acquisition were not material, and they had been expensed and were included in administrative expenses.