SPT Energy Group Inc.
華油能源集團有限公司 *

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1251

* for identification only

INTERIM REPORT 2015



CONTENTS

Corporate Information

THE BOARD

Executive Directors

Mr. Wang Guoqiang
(Chairman and Chief Executive Officer)
Mr. Wu Dongfang
Mr. Liu Ruoyan
Mr. Jin Shumao

Non-Executive Directors

Mr. Lin Yang
Ms. Chen Chunhua

Independent Non-Executive Directors

Ms. Zhang Yujuan
Mr. Wu Kwok Keung Andrew
Mr. Wan Kah Ming

AUDIT COMMITTEE

Mr. Wu Kwok Keung Andrew *(Chairman)*
Ms. Chen Chunhua
Mr. Wan Kah Ming

REMUNERATION COMMITTEE

Ms. Zhang Yujuan *(Chairman)*
Mr. Wang Guoqiang
Mr. Wu Kwok Keung Andrew

NOMINATION COMMITTEE

Mr. Wang Guoqiang *(Chairman)*
Ms. Zhang Yujuan
Mr. Wu Kwok Keung Andrew

AUTHORISED REPRESENTATIVES

Mr. Wang Guoqiang
Ms. Mok Ming Wai

COMPANY SECRETARY

Ms. Mok Ming Wai *(FCIS, FCS)*

COMPANY WEBSITE

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AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

LEGAL ADVISOR

Morrison & Foerster

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
China Construction Bank
Huaxia Bank
CITIC Bank
Bank of Kunlun Company Limited
Bank of China

INVESTOR RELATIONS

Porda Havas

STOCK CODE ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

1251

DATE OF LISTING

23 December 2011

Management Discussion and Analysis

BUSINESS REVIEW

For the six months ended 30 June 2015 (the "Period" or "Reporting Period"), the Group experienced a significant business decline amid a fast dropping oil and gas industry. During the Period, the Company realized revenue amounting to RMB495.2 million, representing a decrease of RMB561.7 million, or 53.15%, as compared with RMB1,056.9 million for the comparative period of 2014. The Group also incurred a net loss attributable to equity owners of the Company amounting to RMB199.1 million, a decrease of RMB280.5 million, or 344.5%, as compared with net profit attributable to equity owners of the Company of RMB81.4 million for the comparative period of last year. The declines were resulted from two factors: the oil price slump worldwide and the operation strategy transition nationwide in the PRC from "output expansion" to "efficiency orientation", both have led to the significant investment spending cut of oil companies and the intensification of market competition. Oil-field services companies had to fight the reduction of market volume and the decline of services pricing.

The oil and gas market imposed heavy pressure on the entire oil-field services industry, while different geographical markets and different service-lines reacted differently.

As the domestic market was affected by both factors aforementioned, the Group's business in the domestic market slid more than that in the overseas market. If we re-group the segment revenue in accordance with the geography where revenue was realized, revenue realized in the domestic market slid 59.63% from that in the comparative period of last year, while revenue realized in the overseas market slid 47.08% from that in the comparative period of last year. As such, the domestic market contributed 41.64% business for the Group while the overseas market contributed 58.36% business for the Group, the ratios were 48.33% and 51.67% in the comparative period of last year, respectively.

In terms of the performance of different service-lines, as the oil companies cut their spending mainly in the exploration and development work while maintaining their outputs, the service-lines in relation to the oil companies' capital expenditures were significantly affected while those in relation to the existing wells were relatively less affected. If we group the Group's revenue based on such criteria, revenue generated from oil companies' capital expenditure-related work decreased 70.9% as compared with that in the comparative period of last year, while the revenue generated from oil companies' existing wells-related work decreased 30.9% as compared with that in the comparative period of last year. The existing wells-related revenue accounted for 65.5% of total revenue of the Group and in comparison, the percentage in the comparative period of last year was 40.4%.

Following the significant decrease of revenue, the operating result has changed from net profit during the comparative period of last year to net loss during the Period. The oil companies' spending cut not only reduced the service market volume, but caused the intensified competition as well. The Group had to reduce prices accordingly, even suffered losses for some projects in order to attract the clients and maintain market position, which led to the drop of profit margin. In addition, revenue significantly declined by more than a half, while some costs and expenses such as staff costs and general and administrative expenses, due to their nature, did not decrease in line with the decrease of revenue, despite necessary measures taken by the Group to reduce the negative impact. These factors together led to the net loss during the Period.

As the business in traditional markets temporarily shrank during the Period, the Group tried its every effort to find opportunities in new markets and has got some new achievements. Based on continuous efforts, the Group has secured a coiled tubing tender in Turkmenistan pursuant to which the Group will provide at minimum two-year continuing services to the oil company. In the past several years, the Group has mainly provided well completion tools services and this was the first time it had such continuing operation in Turkmenistan. Combining the historically consistent high market share in terms of well completion tools services and this new achievement in long-term contract, Turkmenistan has become such a promising market that the Group will invest more in it to expand its presence. In addition, following the work-over services contract signed last year, two service teams of the Group have been providing work-over services for Tuha oil field with its 6 work-over rigs for the Period. This has been the base for the Group to introduce its other services to this oil-field. Apart from these, the Group also succeeded in providing fracturing service to Shenhua Group's Baoye-1 shale-gas well and was in preparation for the subsequent wells' work, which has proven the Group's capability in shale-gas work.

REVENUE ANALYSIS

During the Period, the analysis of the Group's revenue by business segment is as follows:

	For the six months ended 30 June		Increase/ decrease
	2015	2014	
	RMB'000	*RMB'000*	
	Unaudited	Unaudited	
Reservoir	**280,059**	309,501	(9.51%)
Drilling	**111,123**	403,442	(72.46%)
Well Completion	**103,994**	343,916	(69.76%)
Total	**495,176**	1,056,859	(53.15%)

Due to the cooling market and the massive spending cut of the oil companies, the Group's revenue from all the three business segments declined significantly. However, different segments showed different results due to their specific nature of work. The performance of the reservoir segment was relatively stable and the revenue decreased less than the other two segments, due to the reality that the reservoir segment focused on the oil companies' production work and this kind of work was less impacted as the oil companies were still maintaining their outputs during the Period. However, the well completion service segment and the drilling service segment suffered sharp decreases as the oil companies have significantly cut their exploration and development expenditures. As such, the revenue contribution from the reservoir segment has accounted for 56.56% of the total revenue, rising from 29.28% in the comparative period of last year. In terms of geographical revenue segment, the slides of overseas market and domestic market were nearly the same during the Period, if the revenue was re-grouped according to the actual geographies where revenue was realized.

Management Discussion and Analysis

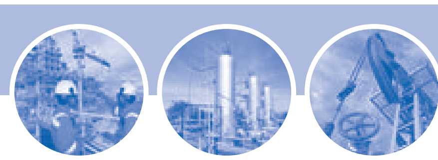
RESERVOIR SERVICE SEGMENT

Revenue	For the six months ended 30 June 2015 RMB'000 Unaudited	2014 RMB'000 Unaudited	Increase/ decrease
PRC	**134,289**	113,172	18.66%
Overseas	**145,770**	196,329	(25.75%)
Total	**280,059**	309,501	(9.51%)

The reservoir services segment of the Group mainly provides geology research and reservoir research, dynamic monitoring, oil testing, oil recovery technology service and maintenance of surface production devices. During the Period, the segment realized revenue of RMB280.1 million, declining by 9.51% from RMB309.50 million for the comparative period of 2014.

Compared with the other two business segments, revenue generated from the reservoir services segment has declined less. In the domestic market, the reservoir services revenue has increased as compared with the comparative period of last year. This is mainly because the focus of this segment is on the oil companies' production work which was not affected as significantly as the oil companies were still maintaining the output during the Period. The revenue decline of the reservoir segment was mainly driven by the shrinking of the traditional dynamic monitoring and oil testing businesses in Kazakhstan. However, based on the improvement of the technical capacity, the Group got more jobs for those extremely difficult wells in domestic markets. In April this year, the Group and Tarim Oilfield Branch of China National Petroleum Corporation ("CNPC") entered into an annual contract pursuant to which the Group has provided the fishing and oil testing services for three wells with extreme depth, temperature and pressure in Tarim's Kuqa area during the Period and will continuously work for another five such wells in the second half of the year. This proved the Group's technology capacity for such highly difficult operation. In the second half of the year, the Group will also introduce its oil recovery technology to Kashagar, another area of Tarim oil field.

In Turkmenistan, the Group and CNPC Turkmenistan branch entered into a coiled-tubing service contract pursuant to which the Group will continue the coiled-tubing services in Amu Darya oil field for two years and has the right to renew the contract for the third year on condition that the oil company is satisfied with the services for the previous two years. During the past few years, the Group has provided a lot of well completion tools services but this was the first time the Group received a long-term service contract. It is expected that the Group would have a continuing and stable business in Turkmenistan. Turkmenistan is a Central Asia country. Historically China and Turkmenistan maintained close economic ties. Following the construction of the Central Asia-China natural gas pipeline and the proceeding of the One-Belt-One-Road strategy, the two countries' economic communication, especially energy development and cooperation, will become more active. The Group considered Turkmenistan would develop into another strategic overseas market in the future.



DRILLING SERVICE SEGMENT

Revenue	For the six months ended 30 June **2015** ***RMB'000*** **Unaudited**	 2014 *RMB'000* Unaudited	Increase/ decrease
PRC	**69,365**	251,276	(72.40%)
Overseas	**41,758**	152,166	(72.56%)
Total	**111,123**	403,442	(72.46%)

The drilling services segment of the Group mainly provides drilling rig services, workover rig services, vertical drilling technology, horizontal drilling technology, side tracking technology, under balance drilling technology, fine managed pressure drilling (FMPD) technology, cementing services and drilling fluid services. During the Period, the segment realized revenue of RMB111.1 million, falling by 72.46% from RMB403.4 million for the comparative period of last year.

As the oil prices dropped rapidly since September last year and remained at lower prices during the Period, the oil companies have significantly cut their spending, especially the capital expenditures, therefore the number of newly drilled wells kept falling. In addition, the state-owned oil companies' strategy changing from output expansion to efficiency-orientation weighed more on domestic oil-field services market, which in turn intensified market competition, and drilling service prices dropped as much as 30% in some oil-fields. Amid such depressed market environment, the drilling segment experienced significant business shrinkage. However, the Group still managed to have some breakthroughs in its workover services. During the Period, the Group began to provide workover services in Tuha oil field based on the service contract entered into last year, and so far the two service teams have run the business very well. In Kazakhstan, the Group and Geo-Jade Petroleum Corporation, an A-share listed independent oil company which holds three oil fields in Kazakhstan, entered into a workover and gas testing services contract pursuant to which the Group has begun to provide services to the oil company. In addition, the Group has prepared very well for the tight gas well integrated project in Auyue oil field which the Group has won the tender last year and is expected to initiate in the second half of the year. In addition, there is the possibility that the Group will have new businesses and revenue in East Africa in the second half of the year.

Management Discussion and Analysis

WELL COMPLETION SERVICE SEGMENT

Revenue	For the six months ended 30 June 2015 RMB'000 Unaudited	2014 RMB'000 Unaudited	Increase/ decrease
PRC	**82,100**	113,217	(27.48%)
Overseas	**21,894**	230,699	(90.51%)
Total	**103,994**	343,916	(69.76%)

The well completion services comprised well completion tools trading and relevant service and stimulation fracturing service. During the Period, the segment realized revenue amounted to RMB104.0 million, significantly dropping by 69.8% from RMB343.9 million for the comparative period of last year. The geographical revenue was presented in accordance with the locations where the subsidiaries have been incorporated and if the revenue was re-grouped based on the actual geographies where revenue was realized, the result should indicate that revenue generated from domestic market has decreased much more than that in overseas market.

As the well completion services are mainly the oil companies' capital expenditure-related work, the segment's revenue tumbled following the oil companies' capital expenditures cut. In domestic market, oil prices' drop and the oil giants' strategy change jointly forced the services providers to offer big price discounts to attract the clients. As a result, the Group had to abandon some projects which would obviously suffer loss and, as such, the revenue realized in domestic market sharply decreased. While in overseas markets, as the oil companies reduced new wells drilling to save costs, the market volume fell and the Group's well completion tools revenue declined accordingly. Under such difficult situation, the Group has managed to conduct significant projects to maintain its position in key markets. For example, the Group has partially completed the 40 sets well-head tools contract in Turkmenistan during the Period and will complete the rest of the work of this contract in the second half of the year. In addition, the Group will continue to pursue well completion business and maintain the strong presence in this market. Furthermore, the Group has successfully completed the fracturing stimulation contract in Shenhua Group's Baoye-1 well and was preparing for the subsequent wells' work.

MARKET ENVIRONMENT

During the Period, the extremely difficult situation in the entire oil and gas industry persisted. After the peak in June 2014, Brent crude oil price and West Texas Intermediate ("WTI") crude oil price kept falling from over USD100 a barrel to below USD50 a barrel by the first quarter of this year. Although the prices rebounded to around USD60 a barrel by end of June this year, they have been faltering and unstable. The crude oil prices have been going at the low level for so long that the oil companies had to cut spending, in particular the capital expenditures for exploration and development phase and as a result, the drilling activities and the number of new wells sharply decreased. In consequence, the market volume of oil-field services industry shrank and market competition intensified.

The international oil market environment was complicated that all kinds of situations have jointly affected it and made the oil prices turbulent during the Period. However, the basic relation between supply and demand, the fundamental rationale of the oil prices' fluctuation, was still unbalanced.

1. While the shale oil pumping activities in the U.S. have gradually slowed down, the Organization of Petroleum Exporting Countries ("OPEC") have maintained their output to protect their market share, the leading countries within the organization were even pumping more to expand their market shares, which have eliminated the shale oil output reduction and even caused the speculation of prolonged oversupply.

2. With the resolution of Iran's nuclear program, the western sanctions imposed on Iran was expected to be lifted by the end of this year. Iran's oil production will gradually recover and its crude oil exportation will gradually increase, which will in turn worsen the crude oil supply glut worldwide.

3. The global economy was still disappointing. The U.S. economy recovery was tepid and China's economy growth was becoming slow. Furthermore, the Greek debt crisis has deepened which would prolong the recovery pace of Europe's economy.

In domestic market, the operation strategy transition of the state-owned oil giants from "output expansion" to "efficiency orientation" was still going on during the Period. The trend was obvious that the oil companies were increasingly requiring services with more workload but less costs. In addition, the in-house oil-field services providers were taking advantages of their shareholding connection with the state-owned oil companies to pursue greater market shares. All these factors have intensified the domestic market tensions and the situation was becoming more challenging for the service market participants, in particular for the independent oil-field services providers. In a short period, they could maintain their businesses by offering discount pricings whilst squeezing profit margins or even taking losses but from a long-time perspective, they have to improve technological capabilities and promote efficiency. Otherwise they will gradually lose their market shares.

Management Discussion and Analysis

In spite of such tough circumstances, the Group still believed the depressed market would eventually pass when the market supply and demand get rebalanced. The most important thing for the Group is to maintain its liquidity and solvency to survive the market depression. From a long-term view, the Group believed the market is still promising and the following positive factors could be expected:

1. It is the market with supply and demand imbalance which led to the sharp falling of the oil prices, while it's still the market which then adjust the supply and demand so that the market balance will restore. Accordingly, the oil prices will ultimately go back to the appropriate level and normal oil exploration, development and production will recover.

2. The operation strategy transition of the domestic oil companies from "output expansion" to "efficiency orientation" will expel those service providers with weak capacity and poor performance. The market environment will be purified and services providers with strong capacity and good performance will be better recognized and therefore get more market shares. In addition, the reform of China's oil and gas industry is expected to go on. It is expected that eventually monopoly will be broken and the market will be more transparent and fair. Diversified shareholders of the oil companies will focus more on the efficiency and cost-saving while the services providers will get jobs based on capacity and performance, other than the shareholding connection.

3. Central Asia and Xinjiang, the two major markets of the Group, are still promising due to geographical and historical advantages. Having rich oil and gas resources, as well as sharing borders and maintaining friendly relationship with China, Central Asia has been developing more and more active bilateral trade with China, in particular in oil and gas cooperation and development. The promotion of the One-Belt-One-Road strategy and the building of the China-Central Asia natural gas pipeline will bring this area more promising oil and gas exploration, development and production activities. Xinjiang has more proven oil and gas reserves than any other areas in China. This area is the key area of the One-Belt-One-Road strategy and the key area of the Western China Development Plan as well. The area is expected to have more policies supporting and attract more investments. As such, we can expect a more active oil and gas market there in the future.

In conclusion, the Group is still optimistic about the oil-field services market and is still committed to it.

R&D AND MANUFACTURING

Amid falling international crude oil prices in 2015, work performed by oil-field services providers domestically and abroad decreased drastically. Coupled with the intensifying price competition, the Group stepped up its research and development ("R&D") efforts on high-end technology products that widely apply scarce resources in the oil-field services market in the first half of 2015. In particular, some were launched and applied in the market and a number of purchase orders were secured.

Reviewing the first half of 2015, the core products under the Group's R&D and manufacturing included the following:

1. At our PPS R&D and Manufacturing base in North America, we successfully developed PPS PulseLink, a logging while drilling (LWD) tool and passed the trial test of two wells at Amman's mine where the actual downhole data are in line with the data of SLB similar products. The product has met the internationally advanced level. In addition, we further developed INC ON BIT (near bit LWD tool) which allows well deflection and gamma measuring close to the drill head and significantly enhances the real-time optimisation and adjustment of well tracking. The R&D proposal of the product has been prepared and preliminary research has been kicked off. It is expected that various technical property indicators of the product, after completion of the prototype product, will be industry leading from a global perspective. Moreover, capitalising on our own intellectual property right, PPS71C high-temperature logging meter, we further developed the PPS71C high-temperature logging meter. By increasing the capacitance parameters, the meter's stability and precision are greatly enhanced. Various technical indicators have reached the international leading standards.

2. In response to the call for environmental protection domestically and abroad, the Group's drilling fluid engineering department began a key project and R&D of the technology for environment friendly treatment of the waste oil-based drilling fluids produced in oil drilling operations and the abundant toxic wastes such as mineral oils, phenolic compounds and heavy metals contained in oil-based drill cuttings. While fully capitalising on the advanced technologies developed locally and abroad in this area, we focused on the component features of the treatment materials and integrated the technologies of ultra-sound, microemulsion and differential thermal analysis to develop a skid-mounted device for the treatment of waste oil-based drilling mud and cuttings. After treatment, the oil content in drilling cuttings is less than 0.5%, fulfilling the environmental protection requirements for site emission and discharge. The treatment system enjoys the following advantages: simple assembly, high mobility, small in size, convenient usage, simple operation, low operating cost and treatment capacity of 1-2 cubic metres/hour. At present, such small-scale environmental-friendly treatment device is not common in China but the outlook on market application is promising.

Management Discussion and Analysis

HUMAN RESOURCES

The Group further adjusted its relevant policies on human resources and enhanced various measures to cope with the complicated and challenging market environment:

1. Comprehensively optimised and rationalised manpower to reasonably reduce the labour costs. The Group cut down external recruitment and reduced total headcount. Apart from new recruitments that were necessary to satisfy the needs of new projects, the Group fully explored the potential of its internal human resources and reasonably arranged manpower internally to take up the workload concurrently according to the job nature of different positions. The existing organisational structure of the Group was adjusted and refreshed and hierarchy in the departments was reduced to have a leaner organisational structure. At the same time, under the "four principles" of assessment, namely "willingness to work, work attitude, work capability and work achievement", the Group rationalised the organisation of existing employees, optimised the employees of various positions and enhanced work efficiency of employees. As at the end of June 2015, there were a total of 3,807 employees registered with the Group. In addition, based on the actual conditions, the Group made corresponding adjustments to the remuneration of the management to further tie in remuneration with performance.

2. The Group endeavoured to prioritise teambuilding as the focus of the Group's development of strategic resources. In particular, under the prevailing conditions, the Group strengthened training of more prominent positions. Apart from routine external training, the Group capitalised on its abundant internal mentor resources, attached great importance to the results of internal training and continued its efforts in building the human resources training system. During the Period, the Group has offered a large variety of trainings to more than 1,500 employees. To cope with the needs of new markets, the Group devoted more resources to training on accelerating market expansion, acquiring business knowledge and developing new techniques and technologies. The results of the training were promising.

3. Amid intensifying market competition, the Group continued to explore internal potential talents and took bold initiatives to promote young and outstanding employees ranking different positions among the human resources ladder to take up key positions. In fact, these outstanding employees have proved their importance in a number of positions in market expansion, operational management and technical support. The distinguished capabilities and energy of these young core personnel injected new vitality to the team performance. In addition, the Group reasonably adjusted the performance appraisal system according to the business features of different regions. By refining operational targets and gradually breaking them down, the Group achieved "equality between position and duties, remuneration and responsibilities" to pass on the pressure and promote team incentive.

SUBSEQUENT WORK PLAN

The Group believes the annual work plan made in the beginning of the year remains appropriate as the plan balanced the long-term perspective and the short-term reality and insisted on the healthy financial structure and asset-light strategy. All these strategies will guide the Group to survive during the market depression and to remain in good shape to embrace future opportunities. In the second half of 2015, the Group will follow the annual work plan and supplement cost control measures as below to address the significant loss issue arising during the Period:

1. Keep the shares and presence in the key markets and continue to penetrate into new markets. In order to achieve these purposes, the Group will keep improving its marketing capability and upgrading its technology capability.

2. Take necessary measures to control costs, in particular control the fixed costs such as staff costs and general and administrative expenses to match current business with workforce.

3. Maintain healthy financial structure and liquidity. The Group will continuously focus on improving the receivables turnover rate and strengthening external financing ability. In addition, the Group will insist on asset-light strategy to maintain liquidity.

4. Strengthen the research and development work in order to upgrade our technologies.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2015, revenue of the Group was RMB495.2 million, representing a significant decrease of RMB561.7 million, or 53.15%, as compared with that of RMB1,056.9 million for the comparative period of last year. The decrease was mainly due to the continuously weak oil and gas market which adversely affected the Group's business.

Other (losses), net

For the six months ended 30 June 2015, other (losses), net of the Group was RMB2.7 million, while other (losses), net for the comparative period of last year was RMB16.5 million. The nature of the other (losses), net for the Reporting Period was primarily the penalty due to the cancellation of certain office lease.

Material costs

For the six months ended 30 June 2015, material costs of the Group was RMB200.6 million, representing a decrease of RMB106.2 million, or 34.6%, as compared with that of RMB306.8 million for the comparative period of last year. The decrease of material costs was mainly caused by the decline of the Group's businesses as the Group consumed less materials. However, as the decrease of revenue has partially come from the discounted prices, the materials costs decrease was less than the revenue decrease.

Management Discussion and Analysis

Employee benefit expenses

For the six months ended 30 June 2015, employee benefit expenses of the Group was RMB279.1 million, representing a decrease of RMB25.8 million, or 8.46%, as compared with that of RMB304.9 million for the comparative period last year. The decline was mainly due to the decrease of the Group's workforce.

Operating lease expenses

For the six months ended 30 June 2015, operating lease expenses of the Group was RMB31.3 million, representing a decrease of RMB11.2 million, or 26.35%, as compared with that of RMB42.5 million for the comparative period of last year. It was mainly due to the shrinkage of the Group's business.

Transportation costs

For the six months ended 30 June 2015, transportation costs of the Group was RMB10.4 million, representing a decrease of RMB18.7 million, or 64.26%, as compared with that of RMB29.1 million for the comparative period of last year. The decrease was also due to the decline of the Group's business.

Depreciation and Amortisation

For the six months ended 30 June 2015, depreciation and amortisation of the Group was RMB53.2 million, representing an increase of RMB11.5 million, or 27.58%, as compared with that of RMB41.7 million for the comparative period of last year. The increase was mainly because the Group continuously depreciated its property, plant and equipment.

Technical service expenses

For the six months ended 30 June 2015, technical service expenses of the Group were RMB62.8 million, representing a decrease of RMB26.0 million, or 29.28%, as compared with that of RMB88.8 million for the comparative period of last year. The decrease was mainly due to the decline of the Group's business.

Impairment loss of assets

For the six months ended 30 June 2015, impairment loss of assets of the Group was RMB10.3 million, representing an increase of RMB5.5 million, or 114.58%, as compared with that of RMB4.8 million for the comparative period of last year. The impairment loss of assets was in relation to the increase of bad-debt provision of receivables which the Group estimated uncollectable and the provision for raw materials which the Group considered unrecoverable.

Others

For the six months ended 30 June 2015, other operating costs of the Group were RMB70.0 million, representing a decrease of RMB24.8 million, or 26.16%, as compared with that of RMB94.8 million for the comparative period of last year. The decrease was mainly due to the effort of the Group to reduce the general and administrative expenses.

Operating losses

As a result of the aforementioned changes, operating losses of the Group during the Period was RMB225.2 million, dropping from the operating profit amounted to RMB127.0 million, or 277.32% for the comparative period of last year.

Finance costs, net

For the six months ended 30 June 2015, the Group's finance costs, net was RMB21.1 million, representing a slight decrease of RMB0.8 million, or 3.65%, as compared with that of RMB21.9 million for the comparative period of last year.

Income tax expense

For the six months ended 30 June 2015, income tax expense was RMB(35.4) million, representing a decrease of RMB60.3 million, as compared with that of RMB24.8 million for the comparative period of last year. The effective income tax rate (income tax expense/profit before income tax) for the Period was 14.39% while the rate for the comparative period of last year was 23.62%.

Losses for the period

As a result of the aforementioned changes, the Group's losses for the Period was RMB210.9 million, representing a significant decrease of RMB291.2 million, or 362.64% from net profit amounted to RMB80.3 million for the comparative period of last year.

Losses attributable to equity owners of the Company

For the six months ended 30 June 2015, losses attributable to equity owners of the Company was RMB199.1 million, representing a decrease of RMB280.5 million, or 344.59%, from profit attributable to equity owners of the Company amounted to RMB81.4 million for the comparative period of last year.

Property, plant and equipment

As at 30 June 2015, property, plant and equipment was RMB609.9 million, representing an increase of RMB6.3 million, or 1.04%, from RMB603.6 million as at 31 December 2014. This was mainly because the Group has purchased some equipment while continuing to depreciate its existing property, plant and equipment during the Period.

Inventories

As at 30 June 2015, inventories were RMB501.9 million, representing a decrease of RMB48.2 million, or 8.76%, from RMB550.1 million as at 31 December 2014. The decrease was mainly due to the decline of the Group's business.

Trade and notes receivables and trade payables

As at 30 June 2015, trade and notes receivables was RMB890.2 million, representing a decrease of RMB505.9 million, or 36.24%, from RMB1,396.1 million as at 31 December 2014. The decrease was partially due to the collection of last year's receivables and partially due to the decrease of revenue during the Period.

As at 30 June 2015, trade payables was RMB640.2 million, representing a decrease of RMB208.9 million, or 24.60%, from RMB849.1 million as at 31 December 2014. The decrease was mainly because the Group purchased less inventories and services during the Period.

Management Discussion and Analysis

Liquidity and capital resources

As at 30 June 2015, the Group's cash and bank deposits, comprising cash and cash equivalents and restricted bank deposits, were RMB554.6 million, representing a decrease of RMB48.7 million, or 8.07%, from RMB603.3 million as at 31 December 2014.

As at 30 June 2015, the Group's short-term borrowings and current portion of long-term borrowings were RMB392.0 million, while the long-term borrowings were RMB116.9 million. As at 31 December 2014, the Group's short-term borrowings and current portion of long-term borrowings were RMB459.7 million and the long-term borrowings were RMB58.7 million.

As at 30 June 2015, the Group's gearing ratio was 29.44%, representing an increase of 9.16% as compared with 26.97% as at 31 December 2014. Gearing ratio was calculated as total borrowings divided by total equity. Total borrowings included long-term borrowings, short-term borrowings and current portion of long-term borrowings.

Cash flows from operating activities

For the six months ended 30 June 2015, the Group's net cash generated from operating activities was RMB48.7 million, while the net cash used in operating activities was RMB111.5 million for the comparative period of last year. While the Group suffered a loss during the Period, it has managed to control its working capital so as to maintain liquidity.

Cash flows from investing activities and financing activities

For the six months ended 30 June 2015, the Group's net cash used in investing activities was RMB117.3 million, mainly due to the settlement of payables arising from last year's equipment purchases.

For the six months ended 30 June 2015, the Group's net cash generated from financing activities was RMB13.7 million, mainly resulting from the net increase of borrowings of RMB13.3 million.

Capital structure

The capital of the Company comprises only ordinary shares. As at 30 June 2015, the total number of ordinary shares of the Company in issue was 1,534,790,332 shares (31 December 2014: 1,534,408,999 shares). As at 30 June 2015, equity attributable to the equity owners of the Group was RMB1,592.6 million, representing a decrease of RMB181.7 million, or 10.24%, as compared with RMB1,774.3 million as at 31 December 2014.

Significant investment held

As at 30 June 2015, the Group did not hold any significant investment.

Material acquisitions and disposals of subsidiaries and associates

For the six months ended 30 June 2015, the Group had no material acquisition or disposal of subsidiaries and associates.

Assets pledged

As at 30 June 2015, the Group pledged parts of its property, plant and equipment, long-term prepayments and trade and note receivables to secure the Group's borrowings. The carrying values of the assets pledged are as follows:

	As at 30 June 2015 *RMB'000* **Unaudited**	As at 31 December 2014 *RMB'000* Audited
Property, plant and equipment	**–**	1,444
Long-term prepayments	**8,752**	9,761
Trade and note receivables	**142,951**	216,600
Land use right	**–**	14,000
Restricted bank deposits	**1,046**	10

Convertible bonds

On 12 June 2015, the Company and the bondholders entered into an amendment deed pursuant to which both parties agreed to revise certain terms and conditions of the original agreement entered on 7 August 2012 (please refer to the announcements of the Company dated 5 June 2014, 12 June 2015 and 15 June 2015 for detailed information). As such, the movement of the convertible bonds during the Period is presented as below:

	Six months ended 30 June 2015 *RMB'000* **Unaudited**
As at 1 January 2015	**83,665**
Accrued interest expense	**7,414**
Interest paid and payable	**(1,376)**
Currency translation difference	**(91)**
Derecognition of the original liability component	**(90,434)**
Recognition of a new liability component	**61,654**
As at 30 June 2015	**60,832**

Management Discussion and Analysis

Contingent liabilities

As at 30 June 2015, the Group had no material contingent liabilities.

Off-balance sheet arrangement

As at 30 June 2015, the Group had no off-balance sheet arrangements.

Contractual obligations

The Group's contractual commitment mainly included capital expenditure commitments and repayments under operating lease commitments. As at 30 June 2015, capital expenditure commitments were mainly acquisition of property, plant and equipment with the amount of RMB7.6 million, while operating lease commitments were mainly lease of offices, warehouses and equipments with the amount of RMB147.0 million.

Subsequent event – the cancellation of restriction on the floating range of Kazakhstan Tenge's exchange rate and the respective financial impact on the Group's consolidated financial statements of 2015

On 20 August 2015, the national bank of Kazakhstan announced, with effect from the same day, the cancellation of restriction on the floating range of Kazakhstan Tenge's ("KZT") exchange rate. Responding to the change of the policy, the exchange rate of KZT against USD devalued from USD1 for KZT182.35 on 31 December 2014 to USD1 for KZT218.61 on 24 August 2015, dropping by 19.9%. Accordingly, the exchange rate of KZT against RMB also devalued from RMB1 for KZT28.55 on 31 December 2014 to RMB1 for KZT34.23 on 24 August 2015, dropping by 19.9% (the "Devaluation", collectively).

Assuming the exchange rate of KZT to USD and RMB during the rest of 2015 remained unchanged with all other variables held constant, the financial impact on the Group's consolidated financial statements of 2015 would be as follows:

1. The Kazakhstan subsidiaries' USD-denominated assets and liabilities would be translated with the devalued exchange rate by charging/(crediting) any difference to "Other gains/(losses), net" account. Immediately before the Devaluation, as the Group's USD-denominated assets held were larger than USD-denominated liabilities assumed, the net foreign exchange difference would be a gain.

2. KZT-denominated revenue would be translated with the exchange rates when the transactions occurred. Accordingly, sales revenue included in those contracts which had been entered into but yet to be completed before the Devaluation would decrease due to the Devaluation. However, the respective KZT-denominated costs and expenses would decrease as well in the same manner. Therefore the losses of the contracts would be partially eliminated. Amid the market with such intensified competition, the Group estimated the profit margins of those contracts would be much lower as compared with those for the previous year and thus, the decrease of costs and expenses would set off most of the decrease of revenue.

3. In addition, all the assets and liabilities of Kazakhstan subsidiaries would be translated into RMB using the devalued exchange rate and any difference would be recognized as "Equity – currency translated differences" account in the Group's consolidated financial statements.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

For the six months ended 30 June 2015, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), except for the following provision.

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Under the existing organizational structure, Mr. Wang Guoqiang is the chairman of the board (the "Board") of directors (the "Director(s)") and chief executive officer of the Company. The Board believes that Mr. Wang Guoqiang's extensive experience in the oil industry is beneficial to the business prospects and management of the Group. The Board and the senior management, which comprises experienced and high calibre individuals, can ensure the balance of power and authority. The Board currently comprises four executive Directors (including Mr. Wang Guoqiang), two non-executive Directors and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions.

Having made specific enquiry with all Directors, each of the Directors has confirmed that he/she has complied with the Model Code throughout the six months ended 30 June 2015.

REVIEW OF INTERIM RESULTS

The audit committee has reviewed the accounting policies and practices adopted by the Group and the unaudited interim results for the six months ended 30 June 2015 of the Group with the management of the Company.

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

Save as the issuance of shares by the Company pursuant to the Share Option Scheme disclosed herein, during the six months ended 30 June 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Other Information

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS OR CHIEF EXECUTIVE SUBSEQUENT TO THE 2014 ANNUAL REPORT

Up to the date of this report, there is no change to information which is required to be disclosed and has been disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of rule 13.51(2) of the Listing Rules.

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

As at 30 June 2015, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Nature of interest	Total number of shares/underlying shares held	Approximate percentage of interest in the Company
Mr. Wang Guoqiang	Beneficiary of trusts (note 1)	648,484,000 (L)	42.25%
	Beneficial owner (note 3)	1,090,000 (L)	0.07%
Mr. Wu Dongfang	Beneficiary of trusts (note 2)	648,484,000 (L)	42.25%
	Beneficial owner (note 3)	1,090,000 (L)	0.07%
Ms. Chen Chunhua (note 3)	Beneficial owner	2,000,000 (L)	0.13%
Mr. Liu Ruoyan (note 3)	Beneficial owner	2,390,000 (L)	0.16%
Mr. Wan Kah Ming (notes 3 & 4)	Beneficial owner	2,000,000 (L)	0.13%
Mr. Wu Kwok Keung Andrew (note 3)	Beneficial owner	2,000,000 (L)	0.13%
Mr. Jin Shumao (note 3)	Beneficial owner	1,090,000 (L)	0.07%
Ms. Zhang Yujuan (note 3)	Beneficial owner	1,000,000 (L)	0.07%

Notes:

1. Mr. Wang Guoqiang and his family members are the beneficiaries of Truepath Trust, a discretionary trust established by Mr. Wang Guoqiang, and therefore he is deemed to be interested in 489,512,000 shares of the Company held by Red Velvet Holdings Limited via Truepath Limited. Mr. Wang Guoqiang is also deemed to be interested in the shares held by Mr. Wu Dongfang as they are parties acting in concert.
2. (i) Mr. Wu Dongfang and his family members are the beneficiaries of Widescope Trust, a discretionary trust established by Mr. Wu Dongfang, and therefore he is deemed to be interested in 137,372,000 shares of the Company held by Elegant Eagle Investments Limited via Widescope Holdings Limited. (ii) Mr. Wu and his family members are the beneficiaries of True Harmony Trust, a discretionary trust established by Mr. Wu Dongfang, and therefore he is deemed to be interested in 21,600,000 shares of the Company held by Best Harvest Far East Limited via True Harmony Limited. (iii) Mr. Wu Dongfang is also deemed to be interested in the shares held by Mr. Wang Guoqiang as they are parties acting in concert.
3. Mr. Wang Guoqiang, Mr. Wu Dongfang, Ms. Chen Chunhua, Mr. Liu Ruoyan, Mr. Wan Kah Ming, Mr. Wu Kwok Keung Andrew, Mr. Jin Shumao and Ms. Zhang Yujuan hold share options in respect of these shares. Details of the share options are set out below in the section headed “Share Option Scheme”.
4. 633,333 shares are jointly held by Mr. Wan Kah Ming and his family member.
5. “L” denotes long position.

Save as disclosed above, as at 30 June 2015, none of the Directors and the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

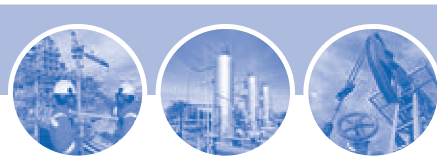
Save as otherwise disclosed in this report, no time during the six months ended 30 June 2015 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

Other Information

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

As at 30 June 2015, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Nature of Interest	Total number of shares/underlying shares held	Approximate percentage of interest in the Company
Widescope Holdings Limited	Beneficial owner	137,372,000 (L)	8.95%
Elegant Eagle Investments Limited (note 1)	Interest of controlled corporation	157,972,000 (L)	10.29%
True Harmony Limited	Beneficial owner	21,600,000 (L)	1.41%
Best Harvest Far East Limited (note 2)	Interest of controlled corporation	21,600,000 (L)	1.41%
Truepath Limited	Beneficial owner	489,512,000 (L)	31.89%
Red Velvet Holdings Limited (note 3)	Interest of controlled corporation	489,512,000 (L)	31.89%
Credit Suisse Trust Limited (note 4)	Trustee	763,182,442 (L)	49.73%
Greenwoods Asset Management Limited (note 5)	Interest of controlled corporation	120,062,000 (L)	7.82%
Greenwoods Assets Management Holdings Limited (note 5)	Interest of controlled corporation	120,062,000 (L)	7.82%
Jiang Jinzhi (note 5)	Interest of controlled corporation	120,062,000 (L)	7.82%
Unique Element Corp. (note 5)	Interest of controlled corporation	120,062,000 (L)	7.82%
Central Huijin Investment Ltd. (note 6)	Interest of controlled corporation	90,068,769 (L)	5.87%
China Everbright Group Ltd. (note 6)	Interest of controlled corporation	90,068,769 (L)	5.87%
China Everbright Holdings Company Limited (note 6)	Interest of controlled corporation	90,068,769 (L)	5.87%
China Everbright Limited (note 6)	Interest of controlled corporation	90,068,769 (L)	5.87%



Name of Shareholder	Nature of Interest	Total number of shares/underlying shares held	Approximate percentage of interest in the Company
China Special Opportunities Fund III, L.P. (note 6)	Interest of controlled corporation	90,068,769 (L)	5.87%
CSOF III GP Limited (note 6)	Interest of controlled corporation	90,068,769 (L)	5.87%
Forebright Partners Limited (note 6)	Interest of controlled corporation	90,068,769 (L)	5.87%

Notes:

1. Widescope Holdings Limited and Best Harvest Far East Limited are wholly owned by Elegant Eagle Investments Limited and therefore Elegant Eagle Investments Limited is deemed to be interested in 137,372,000 and 21,600,000 shares of the Company held by these two companies respectively.
2. True Harmony Limited is wholly owned by Best Harvest Far East Limited and therefore Best Harvest Far East Limited is deemed to be interested in 21,600,000 shares of the Company.
3. Truepath Limited is wholly owned by Red Velvet Holdings Limited and therefore Red Velvet Holdings Limited is deemed to be interested in 489,512,000 shares of the Company.
4. Credit Suisse Trust Limited is the trustee of the Widescope Trust, the Truepath Trust, the Jumbo Wind Trust and the Windsorland Trust which are discretionary trusts holding the shares in the Company on trust for Elegant Eagle Investments Limited, Red Velvet Holdings Limited, Starshine Investments Limited, respectively. Therefore, Credit Suisse Trust Limited is deemed to be interested in shares of the Company held by True Harmony Limited, Widescope Holdings Limited, Truepath Limited, Jumbo Wind Limited.
5. Such 120,062,000 shares represent the same block of shares.
6. The shares held by Central Huijin Investment Ltd., China Everbright Group Ltd., China Everbright Holdings Company Limited, China Everbright Limited, China Special Opportunities Fund III, L.P., CSOF III GP Limited and Forebright Partners Limited refer to the same parcel of shares of the Company. These shares include 69,230,769 underlying shares of the Company (based on the adjusted conversion price of HK$1.69) which may be issued by the Company upon conversion of the convertible bonds in the principal amount of USD15,000,000 issued by the Company to Everbright Inno Investments Limited (a corporation controlled by China Everbright Limited and China Everbright Holdings Company Limited) and CSOF Inno Investments Limited (a corporation controlled by China Special Opportunities Fund III, L.P., CSOF III GP Limited and Forebright Partners Limited). Please refer to the announcements of the Company dated 12 June 2015 and 15 June 2015.
7. "L" denotes long position.

Save as disclosed above, and as at 30 June 2015, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

Other Information

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") on 1 December 2011.

1. Purpose

The purpose of the Share Option Scheme is to attract and retain the eligible persons, to provide additional incentive to them and to promote the success of the business of the Group.

2. Participants

The Board are authorised, at their absolute discretion and subject to the terms of the Share Option Scheme, to grant options to subscribe the shares of the Company to, inter alia, any Directors or any employees (full-time and part-time) of the Company or any of its subsidiaries or associated companies or any other person whom the Board considers, in its sole discretion, has contributed or will contribute to the Group.

3. Total number of Shares available for issue under the Share Option Scheme

The maximum number of shares in respect of which options may be granted under the Share Option Scheme as at 23 March 2015 were 32,250,000 shares, representing approximately 2.1% of the issued share capital of the Company. The Company has refreshed the Share Option Scheme mandate limit at the annual general meeting held on 10 June 2015, representing 10% of the shares in issue on the same date (i.e. a total of 153,479,033 shares).

As at 30 June 2015, the maximum number of shares available for issue under the Share Option Scheme was 153,479,033 shares, representing approximately 10% of the issued share capital of the Company.

4. Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

5. Period within which the Shares must be taken up under an option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

6. Minimum period for which an option must be held before it can be exercised

The Board may in its absolute discretion set a minimum period for which an option must be held and performance targets that must be achieved before an option can be exercised.

7. Time of acceptance and the amount payable on acceptance of the option

An offer for the grant of options must be accepted within 8 days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.00.

8. Basis of determining the subscription price

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

9. Life of the Share Option Scheme

The Share Option Scheme became unconditional on the date of Listing and shall be valid and effective for a period of ten years commencing on 1 December 2011, subject to the early termination provisions contained in the Share Option Scheme.

The Company shall be entitled to issue options, provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme does not exceed 10% of the shares in issue on the date of refreshment of the Share Option Scheme mandate limit on 10 June 2015. The Company may at any time refresh such limit, subject to the Shareholders' approval and issue of a circular in compliance with the Listing Rules, provided that the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all the share option schemes of the Company does not exceed 30% of the shares in issue at the time.

Other Information

Movements of the share options under the Share Option Scheme during the six months ended 30 June 2015 are as follows:

Grantee	Number of share options: Outstanding as at 1 January 2015	Granted	Exercised	Cancelled	Lapsed	Outstanding as at 30 June 2015	Date of grant	Date of expiry	Exercise price per share
Directors									
Mr. Wang Guoqiang	1,090,000 (note 3)	–	–	–	–	1,090,000	13/06/2013	12/06/2023	HK$4.694
Mr. Wu Dongfang	1,090,000 (note 3)	–	–	–	–	1,090,000	13/06/2013	12/06/2023	HK$4.694
Mr. Liu Ruoyan	1,300,000 (note 1)	–	–	–	–	1,300,000	29/03/2012	28/03/2022	HK$1.360
	1,090,000 (note 3)	–	–	–	–	1,090,000	13/06/2013	12/06/2023	HK$4.694
Mr. Jin Shumao	1,090,000 (note 3)	–	–	–	–	1,090,000	13/06/2013	12/06/2023	HK$4.694
Ms. Chen Chunhua	1,000,000 (note 1)	–	–	–	–	1,000,000	29/03/2012	28/03/2022	HK$1.360
	1,000,000 (note 3)	–	–	–	–	1,000,000	13/06/2013	12/06/2023	HK$4.694
Mr. Wu Kwok Keung Andrew	1,000,000 (note 1)	–	–	–	–	1,000,000	29/03/2012	28/03/2022	HK$1.360
	1,000,000 (note 3)	–				1,000,000	13/06/2013	12/06/2023	HK$4.694
Ms. Zhang Yujuan	1,000,000 (note 3)	–	–	–	–	1,000,000	13/06/2013	12/06/2023	HK$4.694
Mr. Wan Kah Ming	333,334 (note 1)	–	–	–	–	333,334	29/03/2012	28/03/2022	HK$1.360
	1,000,000 (note 3)	–	–	–	–	1,000,000	13/06/2013	12/06/2023	HK$4.694
Employees (in aggregate)									
	55,670,000 (note 3)	–	–	–	3,200,000	52,470,000	13/06/2013	12/06/2023	HK$4.694
	12,061,668 (note 2)	–	381,333	–	252,667	11,427,668	20/02/2012	19/02/2022	HK$1.292
	2,000,000 (note 1)	–	–	–	550,000	1,450,000	29/03/2012	28/03/2022	HK$1.360
Total	**81,725,002**	**–**	**381,333**	**–**	**4,002,667**	**77,341,002**			

Notes:

1. The closing price of the shares immediately before the date on which the share options granted on 29 March 2012 was HK$1.33. 1/3 of which are exercisable from 29/03/2013 to 28/03/2022; 1/3 of which are exercisable from 29/03/2014 to 28/03/2022; and remaining 1/3 are exercisable from 29/03/2015 to 28/03/2022.
2. The closing price of the shares immediately before the date on which the share options granted on 20 February 2012 was HK$1.27. 1/3 of which are exercisable from 20/02/2013 to 19/02/2022; 1/3 of which are exercisable from 20/02/2014 to 19/02/2022; and remaining 1/3 are exercisable from 20/02/2015 to 19/02/2022.
3. The closing price of shares immediately before the date on which the share options granted on 13 June 2013 was HK$4.57. 1/3 of which are exercisable from 13/06/2014 to 12/06/2023; 1/3 of which are exercisable from 13/06/2015 to 12/06/2023; and remaining 1/3 are exercisable from 13/06/2016 to 12/06/2023.

Save as disclosed above, no share option was granted, exercised, cancelled nor lapsed during the six months ended 30 June 2015 under the Share Option Scheme.

INTERIM DIVIDEND

The Board proposed not to declare interim dividend for the six months ended 30 June 2015 (for the six months ended 30 June 2014: nil) to the shareholders of the Company.

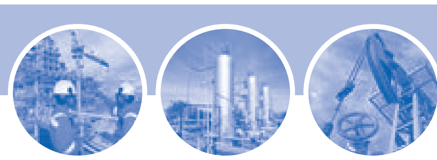
By order of the Board
Wang Guoqiang
Chairman

Hong Kong, 25 August 2015

Interim Condensed Consolidated Income Statement

		Six months ended 30 June	
		2015	2014
		RMB'000	*RMB'000*
	Note	**Unaudited**	Unaudited
Revenue		**495,176**	1,056,859
Other (losses), net		**(2,740)**	(16,506)
Operating costs			
Material costs		**(200,612)**	(306,764)
Employee benefit expenses	17	**(279,092)**	(304,905)
Operating lease expenses		**(31,322)**	(42,482)
Transportation costs		**(10,379)**	(29,134)
Depreciation and amortisation		**(53,171)**	(41,728)
Technical service expenses		**(62,793)**	(88,759)
Impairment loss of assets		**(10,290)**	(4,752)
Others		**(70,020)**	(94,804)
		(717,679)	(913,328)
Operating (loss)/profit	18	**(225,243)**	127,025
Finance income		**352**	1,504
Finance costs		**(21,413)**	(23,395)
Finance costs, net	19	**(21,061)**	(21,891)
(Loss)/profit before income tax		**(246,304)**	105,134
Income tax expense	20	**35,448**	(24,834)
(Loss)/profit for the period		**(210,856)**	80,300
(Loss)/profit attributable to:			
Equity owners of the Company		**(199,057)**	81,407
Non-controlling interests		**(11,799)**	(1,107)
		(210,856)	80,300
(Losses)/earnings per share for the (loss)/profit attributable to the equity owners of the Company			
Basic (losses)/ earnings per share	22	**(0.1297)**	0.0531
Diluted (losses)/earnings per share	22	**(0.1297)**	0.0527

The notes on pages 35 to 56 form an integral part of this interim condensed consolidated financial information.



Interim Condensed Consolidated Statement of Comprehensive Income

	Note	**2015**	2014
		Six months ended 30 June	
		RMB'000	*RMB'000*
		Unaudited	Unaudited
(Loss)/profit for the period		**(210,856)**	80,300
Other comprehensive income:			
Items that will not be subsequently reclassified to profit or loss:			
Currency translation differences		**(484)**	6,013
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences		**(21,631)**	(65,701)
Total comprehensive income for the period		**(232,971)**	20,612
Total comprehensive income for the period attributable to:			
Equity owners of the Company		**(221,230)**	21,622
Non-controlling interests		**(11,741)**	(1,010)
		(232,971)	20,612

The notes on pages 35 to 56 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Balance Sheet

	Note	**30 June 2015** ***RMB'000*** **Unaudited**	31 December 2014 *RMB'000* Audited
ASSETS			
Non-current assets			
Property, plant and equipment	7	**609,854**	603,593
Land use right	7	**22,483**	22,724
Goodwill		**781**	781
Intangible assets	7	**67,966**	65,453
Deferred income tax assets	16	**126,485**	89,143
Prepayments and other receivables	10	**39,307**	50,584
		866,876	832,278
Current assets			
Inventories	8	**501,896**	550,054
Trade and notes receivables	9	**890,197**	1,396,110
Prepayments and other receivables	10	**225,251**	201,414
Restricted bank deposits		**15,903**	8,313
Cash and cash equivalents		**538,697**	595,028
		2,171,944	2,750,919
Total assets		**3,038,820**	3,583,197
EQUITY			
Equity attributable to the Company's equity owners			
Ordinary share	11	**974**	974
Share premium			
– Proposed final dividend	21	**–**	–
– Others		**591,642**	591,251
Other reserves	12	**321,500**	282,351
Currency translation differences		**(219,128)**	(196,955)
Retained earnings		**897,638**	1,096,695
		1,592,626	1,774,316
Non-controlling interests		**135,997**	147,738
Total equity		**1,728,623**	1,922,054

Interim Condensed Consolidated Balance Sheet

	Note	30 June 2015 *RMB'000* Unaudited	31 December 2014 *RMB'000* Audited
LIABILITIES			
Non-Current liabilities			
Borrowings	13	**116,898**	58,730
Deferred income tax liabilities	16	**23,477**	25,791
		140,375	84,521
Current liabilities			
Borrowings	13	**389,350**	373,585
Current portion of long-term borrowings	13	**2,673**	86,140
Trade payables	14	**640,205**	849,080
Accruals and other payables	15	**110,726**	216,417
Current income tax liabilities		**26,868**	51,400
		1,169,822	1,576,622
Total liabilities		**1,310,197**	1,661,143
Total equity and liabilities		**3,038,820**	3,583,197
Net current assets		**1,002,122**	1,174,297
Total assets less current liabilities		**1,868,998**	2,006,575

The notes on pages 35 to 56 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Changes in Equity

		Unaudited							
		Equity attributable to owners of the Company							
	Note	Ordinary shares *RMB'000*	Share premium *RMB'000*	Other reserves *RMB'000*	Currency translation differences *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance as at 1 January 2015		974	591,251	282,351	(196,955)	1,096,695	1,774,316	147,738	1,922,054
Comprehensive income									
Loss for the period		–	–	–	–	(199,057)	(199,057)	(11,799)	(210,856)
Currency translation differences		–	–	–	(22,173)	–	(22,173)	58	(22,115)
Total comprehensive loss		–	–	–	(22,173)	(199,057)	(221,230)	(11,741)	(232,971)
Transactions with owners									
Share-based payments	17	–	–	10,371	–	–	10,371	–	10,371
Share options exercised		–	391	(2)	–	–	389	–	389
Modification of convertible bonds		–	–	28,780	–	–	28,780	–	28,780
Total transactions with owners		–	391	39,149	–	–	39,540	–	39,540
Balance as at 30 June 2015		974	591,642	321,500	(219,128)	897,638	1,592,626	135,997	1,728,623

Interim Condensed Consolidated Statement of Changes in Equity

		Unaudited							
		Equity attributable to owners of the Company							
	Note	Ordinary shares *RMB'000*	Share premium *RMB'000*	Other reserves *RMB'000*	Currency translation differences *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance as at 1 January 2014		972	663,226	242,483	(109,577)	986,956	1,784,060	47,134	1,831,194
Comprehensive income									
Profit for the period		–	–	–	–	81,407	81,407	(1,107)	80,300
Currency translation differences		–	–	–	(59,785)	–	(59,785)	97	(59,688)
Total comprehensive income/(loss)		–	–	–	(59,785)	81,407	21,622	(1,010)	20,612
Transactions with owners									
Share-based payments	17	–	–	23,082	–	–	23,082	–	23,082
2013 final dividend declared in June 2014		–	(77,905)	–	–	–	(77,905)	–	(77,905)
Share options exercised		2	4,927	(1,489)	–	–	3,440	–	3,440
Total transactions with owners		2	(72,978)	21,593	–	–	(51,383)	–	(51,383)
Balance as at 30 June 2014		974	590,248	264,076	(169,362)	1,068,363	1,754,299	46,124	1,800,423

The notes on pages 35 to 56 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Cash Flow Statement

		Six months ended 30 June	
		2015	2014
		RMB'000	*RMB'000*
	Note	**Unaudited**	Unaudited
Cash flows from operating activities			
Net cash inflows/(outflows) from operations		**91,325**	(85,686)
Interest paid		**(12,414)**	(7,251)
Interest received		**352**	1,504
Income tax paid		**(30,535)**	(20,101)
Net cash generated/(used in) from operating activities		**48,728**	(111,534)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(109,976)**	(113,153)
Proceeds from disposal of property, plant and equipment		**106**	410
Purchases of intangible assets		**(9,987)**	(724)
Proceeds from disposal of available-for-sale financial assets		**–**	1,680
Net cash used in investing activities		**(119,857)**	(111,787)
Cash flows from financing activities			
Proceeds from borrowings		**211,500**	165,541
Repayments of borrowings		**(195,600)**	(52,489)
Proceeds from exercise of share options		**389**	3,439
Net cash generated from financing activities		**16,289**	116,491
Net decrease in cash and cash equivalents		**(54,840)**	(106,830)
Cash and cash equivalents, at beginning of the period		**595,028**	635,954
Exchange losses on cash and cash equivalents		**(1,491)**	(4,499)
Cash and cash equivalents at end of the period		**538,697**	524,625

The notes on pages 35 to 56 form an integral part of this interim condensed consolidated financial information.

1. GENERAL INFORMATION

SPT Energy Group Inc. (the "Company") was incorporated in the Cayman Islands on 12 June 2008 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is 4th Floor, Willow House, Cricket Square, PO Box 2804, Grand Cayman KY-1112, Cayman Islands. The Company had its primary listing on The Stock Exchange of Hong Kong Limited on 23 December 2011 through a global offering ("Global Offering").

The Company is an investment holding company. The Company and its subsidiaries (the "Group") are principally engaged in the provision of oilfield services including drilling, well completion, reservoir, with ancillary activities in trading and manufacturing of oilfield services related products mainly in the People's Republic of China (the "PRC"), the Republic of Kazakhstan ("Kazakhstan"), Singapore and Canada. The ultimate controlling party of the Company is Mr. Wang Guoqiang (王國強) and Mr. Wu Dongfang (吳東方) (collectively referred to as the "Controlling Shareholders").

This interim condensed consolidated financial information is presented in Renminbi ("RMB"), unless otherwise stated. This interim condensed consolidated financial information was approved for issue on 25 August 2015.

This interim condensed consolidated financial information has not been audited.

2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2015 has been prepared in accordance with IAS 34, 'Interim financial reporting'. The interim condensed consolidated 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 International Financial Reporting Standards ("IFRS").

3. 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.

- Amendments to IFRSs effective for the financial year ending 31 December 2015 do not have a material impact on the Group.

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

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

Notes to the Interim Condensed Consolidated Financial Information

4. ESTIMATES

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

In preparing this interim condensed consolidated 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.

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 fair value interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated 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.

5.2 Liquidity risk

Compared to the year ended 31 December 2014, there was no material change in the contractual undiscounted cash outflows for financial liabilities. The liquidity risk of the Group is controlled by maintaining sufficient cash and cash equivalents, which is generated primarily from operating and financing activities.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Credit risk

The Group has concentrations of credit risk. Petro China Company Limited ("Petro China"), a PRC state owned enterprise with high credit rating, along with its related entities, accounted for approximately 66.6% and 80.7% of the Group's revenue for the six months ended 30 June 2015 and 2014, respectively. The Group has policies in place to ensure that services are rendered or sales of products are made to customers with an appropriate credit history. The Group's historical experience in collection of trade and other receivables falls within the recorded allowance and the directors are of the opinion that adequate provision for uncollectible receivables has been made.

5.4 Fair value estimation

The carrying amounts of the Group's financial assets including cash and cash equivalents, deposits in approved financial institutions, trade and note receivables and other receivables and financial liabilities including trade and other payables and borrowings except for the fixed rate borrowings, approximate their fair values.

6. SEGMENT INFORMATION

The chief operating decision-maker ("CODM") has been identified as the Chief Executive Officer, vice presidents and directors of the Company who review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segment based on this financial information.

The Group's operating segments, which are also the reportable segments, are entity or group of entities that offer different products and services, which is the basis by which the CODM makes decisions about resources to be allocated to the segments and assesses their performance.

They are so managed according to different natures of products and services. Most of these entities are engaged in just single business, except for a few entities which deal with diversified operation. Financial information of these entities has been separated to present discrete segment information to be reviewed by the CODM.

The CODM assesses performance of three reportable segments: drilling, well completion and reservoir. These reporting segments comprise respective services performed in these areas and related ancillary trading and manufacturing activities.

Notes to the Interim Condensed Consolidated Financial Information

6. SEGMENT INFORMATION (CONTINUED)

(a) Revenue

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Drilling	**111,123**	403,442
Well completion	**103,994**	343,916
Reservoir	**280,059**	309,501
	495,176	1,056,859

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the income statement. The CODM evaluates the performance of the reportable segments based on profit or loss before income tax expense, depreciation and amortisation, interest income, finance costs and certain unallocated expense ("EBITDA").

(b) Segment information

(i) The segment information on EBITDA is as follows:

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	Unaudited	Unaudited
EBITDA		
Drilling	**(86,535)**	100,760
Well completion	**(55,973)**	89,432
Reservoir	**56,017**	90,652
	(86,491)	280,844

6. SEGMENT INFORMATION (CONTINUED)

(b) Segment information (continued)

(ii) The segment information on total assets is as follows:

	30 June 2015 *RMB'000* **Unaudited**	31 December 2014 *RMB'000* Audited
Total assets		
Drilling	**819,562**	1,132,380
Well completion	**846,463**	831,098
Reservoir	**566,200**	765,337
	2,232,225	2,728,815

(iii) A reconciliation of EBITDA to total profit before income tax is as follows:

	Six months ended 30 June	
	2015 *RMB'000* **Unaudited**	2014 *RMB'000* Unaudited
EBITDA for reportable segments	**(86,491)**	280,844
Unallocated expenses		
– Share-based payments *(Note 17)*	**(10,371)**	(23,082)
– Other losses, net	**(2,740)**	(16,506)
– Unallocated overhead expenses	**(72,470)**	(72,503)
	(85,581)	(112,091)
	(172,072)	168,753
Depreciation and amortisation	**(53,171)**	(41,728)
Finance costs	**(21,413)**	(23,395)
Finance income	**352**	1,504
(Loss)/profit before income tax	**(246,304)**	105,134

Notes to the Interim Condensed Consolidated Financial Information

6. SEGMENT INFORMATION (CONTINUED)

(b) Segment information (continued)

(iv) The amounts provided to the CODM with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the assets. Reportable segments' assets are reconciled to total assets as follows:

	30 June 2015 *RMB'000* **Unaudited**	31 December 2014 *RMB'000* Audited
Segment assets for reportable segments	**2,232,225**	2,728,815
Unallocated assets		
– Deferred income tax assets	**126,485**	89,143
– Unallocated inventories	**16,718**	35,017
– Unallocated prepayments and other receivables	**108,792**	126,881
– Restricted bank deposits	**15,903**	8,313
– Cash and cash equivalents	**538,697**	595,028
	806,595	854,382
Total assets per balance sheet	**3,038,820**	3,583,197

6. SEGMENT INFORMATION (CONTINUED)

(c) Geographical segment

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Revenue		
PRC	**285,751**	477,665
Kazakhstan	**125,654**	373,514
Singapore	**39,749**	162,098
Canada	**37,814**	36,476
Others	**6,208**	7,106
	495,176	1,056,859

	30 June	31 December
	2015	2014
	RMB'000	*RMB'000*
	Unaudited	Audited
Non-current assets (other than deferred tax assets)		
PRC	**472,502**	451,147
Kazakhstan	**185,538**	199,938
Singapore	**39,176**	42,133
Canada	**20,210**	23,771
Others	**22,965**	26,146
	740,391	743,135

Notes to the Interim Condensed Consolidated Financial Information

7. PROPERTY, PLANT AND EQUIPMENT, LAND USE RIGHT AND INTANGIBLE ASSETS

	Property, plant and equipment *RMB'000*	Land use right *RMB'000*	Intangible assets *RMB'000*
Six months ended 30 June 2015 (Unaudited)			
Net book value			
Opening amount as at 1 January 2015	**603,593**	**22,724**	**65,453**
Additions	**57,396**	**–**	**9,987**
Depreciation and amortisation	**(45,456)**	**(241)**	**(7,474)**
Disposals	**(712)**	**–**	**–**
Exchange differences	**(4,967)**	**–**	**–**
Closing amount as at 30 June 2015	**609,854**	**22,483**	**67,966**
Six months ended 30 June 2014 (Unaudited)			
Net book value			
Opening amount as at 1 January 2014	372,721	23,206	34,860
Additions	84,900	–	724
Depreciation and amortisation	(37,698)	(241)	(3,789)
Disposals	(5,550)	–	–
Exchange differences	(15,430)	–	–
Closing amount as at 30 June 2014	398,943	22,965	31,795

As at 30 June 2015, neither property, plant and equipment nor land use right has been pledged for the Group's bank borrowings (31 December 2014: certain property, plant and equipment and land use right amounting to RMB1,444,000 and RMB14,000,000 respectively have been pledged for the Group's bank borrowings) (Note 13).

8. INVENTORIES

	30 June 2015 RMB'000 Unaudited	31 December 2014 RMB'000 Audited
Raw materials	**458,735**	450,326
Work-in-progress	**68,176**	117,548
Finished goods	**9,531**	9,590
	536,442	577,464
Less: Provision for impairment	**(34,546)**	(27,410)
	501,896	550,054

9. TRADE AND NOTE RECEIVABLES

	30 June 2015 RMB'000 Unaudited	31 December 2014 RMB'000 Audited
Trade receivables	**897,322**	1,426,347
Less: impairment of trade receivables	**(34,789)**	(33,986)
Trade receivables – net	**862,533**	1,392,361
Note receivables	**27,664**	3,749
	890,197	1,396,110

Notes to the Interim Condensed Consolidated Financial Information

9. TRADE AND NOTE RECEIVABLES (CONTINUED)

(a) Most of the Group's trade receivables are with the expected credit term of six months, except for retention money amounting to approximately RMB3,457,000 (31 December 2014: RMB8,292,000).

Ageing analysis of gross trade receivables as at the respective balance sheet date is as follows:

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	Unaudited	Audited
Up to 6 months	**442,635**	1,057,310
6 months – 1 year	**203,855**	55,774
1 – 2 years	**191,655**	294,487
2 – 3 years	**55,442**	16,074
Over 3 years	**3,735**	2,702
Trade receivables, gross	**897,322**	1,426,347
Less: provision for impairment of trade receivables	**(34,789)**	(33,986)
Trade receivables, net	**862,533**	1,392,361

As at 30 June 2015, trade receivables of RMB413,884,000 were past due but not impaired (31 December 2014: RMB329,069,000). These receivables relate to a number of independent customers for whom there is no recent history of default.

(b) Trade and note receivables amounting to RMB142,951,000 (31 December 2014: RMB216,600,000) have been pledged for the Group's borrowings (Note 13).

10. PREPAYMENT AND OTHER RECEIVABLES

	30 June 2015 ***RMB'000*** **Unaudited**	31 December 2014 *RMB'000* Audited
Current		
Advances to suppliers	**86,127**	120,057
Prepayment for taxes	**51,118**	36,238
Total non-financial assets	**137,245**	156,295
Deposits and other receivables	**95,690**	51,821
Less: impairment of other receivables	**(7,684)**	(6,702)
Total financial assets	**88,006**	45,119
	225,251	201,414
Non-current		
Advances to suppliers (Non-financial assets)	**20,996**	34,411
Prepayment for operating lease (Non-financial assets)	**18,311**	16,173
	39,307	50,584
Total	**264,558**	251,998

(a) Deposits and other receivables as at 30 June 2015 and 2014 were not past due and impaired.

(b) As at 30 June 2015, non-current prepayments of RMB8,752,000 (31 December 2014: RMB9,761,000) has been pledged for the Group's borrowings (Note 13).

11. SHARE CAPITAL

	Number of share ***(Thousands)***	**Value** ***RMB'000***
Authorised:		
Ordinary shares of US$0.0001 each as at 30 June 2015 (unaudited) and 31 December 2014 (audited)	2,000,000	1,295
Issued shares:		
As at 31 December 2014 (audited)	1,534,409	974
Add: share options exercised	381	–
As at 30 June 2015 (unaudited)	1,534,790	974

Notes to the Interim Condensed Consolidated Financial Information

12. OTHER RESERVES

	30 June 2015 *RMB'000* Unaudited	31 December 2014 *RMB'000* Audited
Merger reserves	**(148,895)**	(148,895)
Equity component of convertible bonds	**61,150**	32,370
Share-based payments (a)	**146,555**	136,186
Statutory reserves	**53,768**	53,768
Capital reserves	**208,922**	208,922
	321,500	282,351

(a) Pursuant to the share option scheme, the Company granted on 20 February 2012 a total of 26,500,000 share options to 86 employees to subscribe for 26,500,000 ordinary shares of US$0.0001 each at an exercise price of HK$1.292. On 29 March 2012, another 7,300,000 share options were granted by the Company to four Directors and one senior management member of the Company to subscribe for 7,300,000 ordinary shares of US$0.0001 each at an exercise price of HK$1.36. The Company further granted on 13 June 2013 a total of 67,450,000 share options to Directors and employees to subscribe for 67,450,000 ordinary shares of US$0.0001 each at an exercise price of HK$4.694. These share options will be evenly vested over 3 years from the first anniversary of the grant date and exercisable within 10 years from the date of grant. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the numbers of outstanding share options and their related weighted average exercise prices are as follows:

	Six months ended 30 June			
	2015 Weighted average exercise price per share options *HK$*	**Share options *(Thousands)* Unaudited**	2014 Weighted average exercise price per share options *HK$*	Share options *(Thousands)* Unaudited
As at 1 January	**4.41**	**78,381**	4.24	89,003
Forfeited	**4.46**	**(3,880)**	1.29	(92)
Exercised	**1.29**	**(381)**	1.30	(3,329)
As at 30 June	**4.42**	**74,120**	4.36	85,582

13. BORROWINGS

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	Unaudited	Audited
Long-term borrowings		
– Secured bank borrowings (a)(i)	**56,066**	58,730
– Unsecured liability component of convertible bonds (b)	**60,832**	–
	116,898	58,730
Short-term borrowings (a)		
– Secured bank borrowings (a)(i)	**214,010**	220,610
– Unsecured bank borrowings	**175,340**	152,975
	389,350	373,585
Current portion of long-term bank borrowings (a)		
– Secured bank borrowings (a)(i)	**2,673**	2,475
– Unsecured liability component of convertible bonds	**–**	83,665
	2,673	86,140
	508,921	518,455

Note:

(a) Movement of bank borrowings

	Six months ended 30 June 2015
	RMB'000
	Unaudited
As at 1 January 2015	**434,790**
Proceeds of new borrowings	**211,500**
Repayments of borrowings	**(195,600)**
Currency translation difference	**(2,601)**
As at 30 June 2015	**448,089**

Notes to the Interim Condensed Consolidated Financial Information

13. BORROWINGS (CONTINUED)

Note: (continued)

(a) Movement of bank borrowings (continued)

	Six months ended 30 June 2014 *RMB'000* Unaudited
As at 1 January 2014	202,329
Proceeds of new borrowings	165,541
Repayments of borrowings	(52,489)
Currency translation difference	7,309
As at 30 June 2014	322,690

(i) The collaterals of the Group's secured bank borrowings are as follows:

	30 June 2015 ***RMB'000*** **Unaudited**	31 December 2014 *RMB'000* Audited
Long-term bank borrowings		
Secured by:		
– Restricted bank deposits	**1,036**	–
– Property, plant and equipment *(Note 7)*	**–**	1,444
– Long-term prepayments *(Note 10)*	**8,752**	9,761
– Trade and note receivables *(Note 9)*	**48,951**	50,000
	58,739	61,205
Short-term bank borrowings		
Secured by:		
– Trade and note receivables *(Note 9)*	**94,000**	166,600
– Land use right *(Note 7)*	**–**	14,000
– Restricted bank deposits	**10**	10
– Corporate guarantee provided by certain subsidiary of the Group	**120,000**	40,000
	214,010	220,610

13. BORROWINGS (CONTINUED)

Note: (continued)

(b) Movement of liability component of convertible bonds

	Six months ended 30 June 2015 *RMB'000* Unaudited
As at 1 January 2015	**83,665**
Accrued interest expense	**7,414**
Interest paid and payable	**(1,376)**
Currency translation difference	**(91)**
Derecognition of the original liability component	**(90,434)**
Recognition of a new liability component	**61,654**
As at 30 June 2015	**60,832**

On 20 August 2012, the Company issued US$15,000,000 unsecured and non-redeemable convertible bonds with an interest rate of 3% per annum (the "Bonds") to certain independent parties (the "Bondholders"). The Bonds mature three years from the issue date at their nominal value of US$15,000,000 or can be converted into shares at a conversion price of HK$1.65 (subject to adjustments) per share. The Bonds were initially partially recognised as a liability which was subsequently re-measured at amortised cost and partially as a derivative liability which was subsequently re-measured at fair value through profit and loss.

After that, the conversion price had been amended for two times triggered by certain term of the convertible bonds agreement and the latest conversion price was HK$1.60 per share before the second amendment deed was made.

On 12 June 2015, the Company and the Bondholders entered into a second amendment deed pursuant to which the maturity date was amended to the date falling on the sixth anniversary of the issue date of the original convertible bonds issued on 20 August 2012. In addition, the conversion price was amended to HK$1.69. As such, the original convertible bonds were derecognized whilst the new convertible bonds were recognized.

The Bonds recognised in the balance sheet was calculated as follows:

	Six months ended 30 June 2015 *RMB'000* Unaudited
Fair value of the Bonds issued on initial recognition date	**96,193**
Less: Equity component	**(34,539)**
Liability component on initial recognition date	**61,654**
Add: Interest expense	**556**
Less: Interest payable	**(1,376)**
Currency translation difference	**(2)**
Liability component as at 30 June 2015	**60,832**

The carrying amount of the new liability component was calculated using cash flow discounted at a rate of 17.35%.

Notes to the Interim Condensed Consolidated Financial Information

14. TRADE PAYABLES

	30 June 2015 *RMB'000* Unaudited	31 December 2014 *RMB'000* Audited
Up to 6 months	**316,193**	626,218
6 months to 1 year	**200,862**	147,180
1 – 2 years	**83,620**	44,234
2 – 3 years	**29,558**	18,012
Over 3 years	**9,972**	13,436
	640,205	849,080

15. ACCRUALS AND OTHER PAYABLE

	30 June 2015 *RMB'000* Unaudited	31 December 2014 *RMB'000* Audited
Interest payable	**3,360**	1,726
Rental fee payable	**4,256**	16,330
Others	**11,436**	26,346
Total financial liabilities	**19,052**	44,402
Customer deposits and receipts in advance	**6,780**	20,239
Payroll and welfare payable	**57,751**	48,839
Taxes other than income tax payable	**27,143**	102,937
Total non-financial liabilities	**91,674**	172,015
	110,726	216,417

16. DEFERRED INCOME TAXATION

The movement in deferred income tax assets and liabilities during the six months ended 2015 and 2014, without taking into consideration offsetting the balances with the same tax jurisdiction, is as follow:

Deferred income tax assets

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Opening balance at 1 January	**89,143**	70,877
Credited to income statement *(Note 20)*	**39,137**	10,640
Currency translation difference	**(1,795)**	1,251
Closing balance at 30 June	**126,485**	82,768

Deferred income tax liabilities

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Opening balance at 1 January	**25,791**	22,089
(Credited)/charged to income statement *(Note 20)*	**(2,314)**	814
Closing balance at 30 June	**23,477**	22,903

17. EMPLOYEE BENEFITS EXPENSE

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Wages, salaries and allowances	**234,599**	239,649
Housing benefits	**7,833**	8,725
Retirement/Post employment/costs	**18,946**	20,873
Share-based payments	**10,371**	23,082
Welfare and other expenses	**7,343**	12,576
	279,092	304,905

Notes to the Interim Condensed Consolidated Financial Information

18. EXPENSES BY NATURE

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Losses on disposal of property, plant and equipment	**606**	4,711
Sales tax and surcharges	**2,572**	1,496
Depreciation	**45,456**	37,698
Amortisation of land use right and intangible assets	**7,715**	4,030

19. FINANCE COSTS, NET

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Finance income:		
– Interest income on short-term bank deposits	**352**	1,504
Finance income	**352**	1,504
Interest expense:		
– Bank borrowings	**(12,672)**	(7,291)
– Liability component of convertible bonds	**(7,414)**	(6,633)
Net foreign exchange losses on financing activities	**–**	(7,617)
Bank charges	**(1,327)**	(1,854)
Total finance costs	**(21,413)**	(23,395)
Finance costs, net	**(21,061)**	(21,891)

20. INCOME TAX EXPENSE

The Group operates mainly in the PRC, Kazakhstan, Singapore and Canada. During the six months ended 30 June 2015, the Company expected the profit before tax in these countries was subject to the statutory income tax rate of 25%, 20%, 10% and 25% respectively.

PRC enterprise income tax ("EIT") is provided on the basis of the profits of the subsidiaries established in Mainland China for statutory financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes. The statutory income tax is assessed on an individual entity basis, based on their results of operations. For the six months ended 30 June 2015, certain subsidiaries established in the PRC were subject to an preferential tax rate of 15% while other subsidiaries established in the PRC are subject to income tax rate of 25%.

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Current income tax		
– PRC	**2,353**	10,760
– Kazakhstan	**1,695**	17,960
– Others	**1,955**	5,940
Deferred taxation	**(41,451)**	(9,826)
Income tax expense	**(35,448)**	24,834

21. DIVIDEND

The Board did not propose interim dividend for the six months ended 30 June 2015 (2014: nil).

Notes to the Interim Condensed Consolidated Financial Information

22. (LOSSES)/EARNINGS PER SHARE

(a) Basic (losses)/earnings per share

Basic (losses)/earnings per share is calculated by dividing the (loss)/profit attributable to equity owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	Unaudited	Unaudited
(Loss)/profit attributable to equity owners of the Company	**(199,057)**	81,407
Weighted average number of ordinary shares in issue (thousands)	**1,534,632**	1,531,902
Basic (losses)/earnings per share (RMB per share)	**(0.1297)**	0.0531

(b) Diluted (losses)/earnings per share

Diluted (losses)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding by assuming conversion of all dilutive ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible bonds and share options. The convertible bonds are assumed to have been converted into ordinary shares and the net profit is adjusted to eliminate the interest expense. For share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. However, when calculating the dilutive (losses)/earnings per share for the six months ended 30 June 2015, both of the convertible bonds and share options were excluded as anti-dilutive factors for the period.

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	Unaudited	Unaudited
(Loss)/Earnings		
(Loss)/profit attributable to equity owners of the Company	**(199,057)**	81,407
Add: Interest expense on convertible bonds *(Note 18)*	**Anti-dilutive**	Anti-dilutive
Weighted average number of ordinary shares in issue (thousands)	**1,534,632**	1,531,902
Adjustment for:		
– Assumed conversion of convertible bonds (thousands)	**Anti-dilutive**	Anti-dilutive
– Share options (thousands)	**Anti-dilutive**	14,131
	1,534,632	1,546,033
Diluted (losses)/earnings per share (RMB per share)	**(0.1297)**	0.0527

23. COMMITMENT

(a) Capital commitments

Capital expenditures contracted for at the end of the period but not incurred is as below:

	30 June 2015 **RMB'000** **Unaudited**	31 December 2014 *RMB'000* Audited
Property, plant and equipment	**7,572**	1,022

(b) Operating lease commitments – where the Group is the lessee:

The Group leases various offices, warehouses and equipment under non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2015 **RMB'000** **Unaudited**	31 December 2014 *RMB'000* Audited
No later than 1 year	**12,137**	19,417
Later than 1 year and no later than 5 years	**27,519**	79,936
Later than 5 years	**107,323**	314,537
	146,979	413,890

Notes to the Interim Condensed Consolidated Financial Information

24. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family member of the Group are also considered as related parties.

Key management compensation

Key management includes executive directors and senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Basic salaries and allowances	**4,012**	8,343
Discretionary bonuses	**409**	2,109
Share-based payments	**1,631**	6,644
Retirement benefits and others	**158**	418
	6,210	17,514