SHANGHAI TONVA
Petrochemical Co., Ltd.*

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

Stock Code: 1103

*For identification purposes only

2015

INTERIM REPORT

HIGHLIGHTS

1. The turnover of the Group increased significantly by approximately 71.6% from approximately RMB3,080,787,000 to approximately RMB5,285,752,000 as compared to the same period of last year.

2. Operating profit before income tax expense of the Group was approximately RMB111,872,000 representing a decrease of RMB43,286,000 as compared to the corresponding period of last year, which was mainly due to the recognition of a one-time disposal gain of a subsidiary by the Group amounting to approximately RMB71,534,000 during the corresponding period of last year, while there were no such transaction in the current period. However, operating profit before income tax expense but excluding other income and gains of the Group increased substantially by 38.7% from approximately RMB74,722,000 to approximately RMB103,625,000.

3. Profit attributable to the owners of the Company decreased from approximately RMB99,109,000 to approximately RMB82,297,000, which is also due to the recognition of a one-time disposal gain of a subsidiary during the corresponding period of last year, while no such transaction occurred in the current period.

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Lan Huasheng – Chairman
Mo Luojiang – Chief Executive Officer
Wang Liguo – Vice President

NON-EXECUTIVE DIRECTOR

Zhu Tianxiang

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chung Cheuk Ming
Pan Min
Zhou Jianhao

SUPERVISORS

Lu Tingfu *(Chairman)*
Chen Yuanling
Jiang Feng
Ye Mingzhu
Zhao Liping

AUDITOR

BDO Limited, *Certified Public Accountants*

REGISTERED OFFICE

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Postal code: 200080

PLACE OF BUSINESS IN HONG KONG

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COMPANY WEBSITE

www.tonva.com

COMPLIANCE OFFICER

Mo Luojang

COMPANY SECRETARY

Lo Suet Fan

AUTHORISED REPRESENTATIVES

Mo Luojang
Lo Suet Fan

MEMBERS OF THE AUDIT COMMITTEE

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

MEMBERS OF THE REMUNERATION AND ASSESSMENT COMMITTEE

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

MEMBERS OF NOMINATION COMMITTEE

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

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

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PRINCIPAL BANKERS

Bank of Communications
China PingAn Bank
SPD Bank

STOCK CODE

1103

The board of directors (the "Board") of Shanghai Tonva Petrochemical Co., Ltd. (the "Company") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (together the "Group") for the six months ended 30 June 2015 together with comparative unaudited figures for the corresponding periods in 2014.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED

	Note	For the six months ended 30 June **2015** **Unaudited** **RMB'000**	 2014 Unaudited RMB'000
Turnover	*3*	**5,285,752**	3,080,787
Cost of sales		**(5,103,534)**	(2,894,996)
Gross profit		**182,218**	185,791
Other income and gains	*3*	**8,247**	80,436
Distribution costs		**(9,883)**	(5,725)
Administrative expenses		**(35,643)**	(70,726)
Share of profit of associates		**3,684**	920
Finance costs	*5*	**(36,751)**	(35,538)
Profit before income tax expense	*6*	**111,872**	155,158
Income tax expense	*7*	**(18,424)**	(41,740)
Profit for the period		**93,448**	113,418
Other comprehensive income			
Items that may be reclassified to profit or loss:			
– Exchange differences on translating foreign operations		**(1)**	333
Total comprehensive income for the period		**93,447**	113,751
Profit for the period attributable to:			
– Owners of the Company		**82,297**	99,109
– Non-controlling interests		**11,151**	14,309
		93,448	113,418
Total comprehensive income for the period attributable to:			
– Owners of the Company		**82,296**	99,442
– Non-controlling interests		**11,151**	14,309
		93,447	113,751
Basic and diluted earnings per share for profit attributable to owners of the Company during the period (restated) (expressed in RMB per share)	*8*	**0.048**	0.071

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2015 Unaudited RMB'000	As at 31 December 2014 Audited RMB'000
ASSETS			
Non-current assets			
Payments for leasehold land held for own use under operating leases		**9,712**	9,831
Property, plant and equipment		**59,926**	57,124
Construction in progress		**39,534**	38,156
Investment property		**10,872**	11,328
Intangible assets		**148,276**	148,309
Interests in associates		**36,264**	32,580
Available-for-sale financial assets		**800**	800
Trade and other receivables	*11*	**616,263**	663,002
Deferred tax assets		**17,572**	17,572
Total non-current assets		**939,219**	978,702
Current assets			
Inventories	*10*	**63,198**	194,340
Trade and other receivables	*11*	**3,126,876**	2,351,187
Amounts due from customers for contract work		**164,072**	17,162
Restricted bank deposits		**278,654**	289,242
Cash and cash equivalents		**187,663**	110,724
Total current assets		**3,820,463**	2,962,655
Total assets		**4,759,682**	3,941,357

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	Note	As at 30 June 2015 Unaudited RMB'000	As at 31 December 2014 Audited RMB'000
LIABILITIES			
Current liabilities			
Trade and other payables	*12*	**2,323,319**	1,894,908
Amounts due to customers for contract work		**25,029**	43,999
Borrowings	*13*	**841,500**	822,000
Current tax liabilities		**57,846**	71,724
Total current liabilities		**3,247,694**	2,832,631
Net current assets		**572,769**	130,024
Total assets less current liabilities		**1,511,988**	1,108,726
Non-current liabilities			
Borrowings	*13*	**40,000**	70,000
Deferred tax liabilities		**11,196**	11,196
Total non-current liabilities		**51,196**	81,196
Total liabilities		**3,298,890**	2,913,827
NET ASSETS		**1,460,792**	1,027,530
Capital and reserves attributable to owners of the Company			
Share capital	*14*	**203,621**	140,429
Reserves		**1,111,086**	752,167
Equity attributable to owners of the Company		**1,314,707**	892,596
Non-controlling interests		**146,085**	134,934
TOTAL EQUITY		**1,460,792**	1,027,530

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

	Share capital RMB'000 *(note 14)*	Capital reserve RMB'000	Statutory reserve fund RMB'000	Other reserve RMB'000	Currency translation reserve RMB'000	Retained earnings RMB'000	Equity attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2014 (audited)	93,619	221,766	100,243	17,912	(7,972)	339,649	765,217	141,073	906,290
Profit for the period	–	–	–	–	–	99,109	99,109	14,309	113,418
Exchange differences on translating foreign operations	–	–	–	–	333	–	333	–	333
Total comprehensive income for the period	–	–	–	–	333	99,109	99,442	14,309	113,751
Acquisition of additional equity interests in a subsidiary*	–	–	–	–	–	(5,497)	(5,497)	(23,592)	(29,089)
2013 final dividend declared	–	–	–	–	–	(41,192)	(41,192)	–	(41,192)
Transfer to statutory reserve fund	–	–	4,428	–	–	(4,428)	–	–	–
Balance at 30 June 2014 (unaudited)	93,619	221,766	104,671	17,912	(7,639)	387,641	817,790	131,790	949,760
Balance at 1 January 2015 (audited)	**140,429**	**174,956**	**112,404**	**17,912**	**(7,663)**	**454,558**	**892,596**	**134,934**	**1,027,530**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**82,297**	**82,297**	**11,151**	**93,448**
Exchange differences on translating foreign operations	**–**	**–**	**–**	**–**	**(1)**	**–**	**(1)**	**–**	**(1)**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**(1)**	**82,297**	**82,296**	**11,151**	**93,447**
2014 final dividend declared**	**–**	**–**	**–**	**–**	**–**	**(50,905)**	**(50,905)**	**–**	**(50,905)**
Rights issue *(note 14)*	**63,192**	**327,528**	**–**	**–**	**–**	**–**	**390,720**	**–**	**390,720**
Balance at 30 June 2015 (unaudited)	**203,621**	**502,484**	**112,404**	**17,912**	**(7,664)**	**485,950**	**1,314,707**	**146,085**	**1,460,792**

* During the six months ended 30 June 2014, the Group acquired additional 6% equity interests in a subsidiary, Nantong Road and Bridge Engineering Co., Ltd., from its non-controlling shareholder.

** The payment of final dividend for 2014 was approved by the shareholders in the annual general meeting held on 23 June 2015 and is payable on or before 31 December 2015. The declared dividend is therefore recognised as a dividend payable in the financial statements for the six months ended 30 June 2015.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – UNAUDITED

	For the six months ended 30 June	
	2015	2014
	Unaudited	Unaudited
	RMB'000	RMB'000
Net cash from/(used) in operating activities	**17,586**	(41,130)
Net cash (used)/from investing activities	**(8,015)**	52,414
Net cash from/(used) in financing activities	**67,368**	(94,216)
Net increase/(decrease) in cash and cash equivalents	**76,939**	(82,932)
Cash and cash equivalents at beginning of the period	**110,724**	279,780
Cash and cash equivalents at end of the period	**187,663**	196,848

Notes:

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2015 ("Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The accounting policies adopted in preparing the Interim Financial Statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2014, except for those accounting policy changes that are expected to be reflected in the 2015 annual financial statements as described in note 2.

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

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group.

- Annual Improvements to HKFRSs 2010-2012 Cycle
- Annual Improvements to HKFRSs 2011-2013 Cycle

The Group has adopted, for the first time, certain amendments issued by the HKICPA that are mandatorily effective for the current period. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

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

3. TURNOVER AND OTHER INCOME AND GAINS

Turnover represents the income from road and bridge construction, sale of petrochemical products net of taxes, discounts, returns and allowances, where applicable and after eliminating sales within the Group.

	For the six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Turnover:		
Road and bridge construction	**411,386**	566,200
Sale of petrochemical products	**4,874,366**	2,514,587
	5,285,752	3,080,787
Other income and gains:		
Gain on disposal of a subsidiary *(note 15)*	**–**	71,534
Government grants	**–**	766
Interest income	**4,225**	3,397
Others	**4,022**	4,739
	8,427	80,436

4. SEGMENT INFORMATION

(a) Primary reporting format – business segments

The Group determines its operating segments based on the internal reports reviewed by the chief operating decision maker (i.e. Chief Executive Officer of the Group) that are used to make strategic decisions.

During the six months ended 30 June 2014, the chief decision maker decided to rename the operating segment of sale of fuel oil and asphalt to sale of petrochemical products, starting from 1 January 2014, so as to conform with the Group's strategy.

Inter-segment transactions are priced with reference to prices charged to external parties for similar order.

4. SEGMENT INFORMATION *(Continued)*

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

The segment results for the six months ended 30 June 2015 are as follows:

	Road and bridge construction RMB'000	Sale of petrochemical products RMB'000	Total RMB'000
Total segment revenue	**411,386**	**4,874,366**	**5,285,752**
Inter-segment revenue	**–**	**–**	**–**
Reportable segment revenue from external customers	**411,386**	**4,874,366**	**5,285,752**
Reportable segment profit	**73,985**	**70,954**	**144,939**
Finance costs	**(16,919)**	**(19,832)**	**(36,751)**
Share of profit of associates	**–**	**3,684**	**3,684**
Profit before income tax expense			**111,872**
Income tax expense			**(18,424)**
Profit for the period			**93,448**

The segment results for the six months ended 30 June 2014 are as follows:

	Road and bridge construction RMB'000	Sale of petrochemical products RMB'000	Total RMB'000
Total segment revenue	566,200	2,550,006	3,116,206
Inter-segment revenue	–	(35,419)	(35,419)
Reportable segment revenue from external customers	566,200	2,514,587	3,080,787
Reportable segment profit	75,956	113,820	189,776
Finance costs	(218)	(35,320)	(35,538)
Share of profit of associates	–	920	920
Profit before income tax expense			155,158
Income tax expense			(41,740)
Profit for the period			113,418

4. SEGMENT INFORMATION *(Continued)*

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

Other segment items included in the consolidated statement of comprehensive income are as follows:

	Six months ended 30 June 2015			Six months ended 30 June 2014		
	Road and bridge construction RMB'000	**Sale of petrochemical products RMB'000**	**Total RMB'000**	Road and bridge construction RMB'000	Sale of petrochemical products RMB'000	Total RMB'000
Depreciation	**760**	**1,828**	**2,588**	1,032	2,457	3,489
Amortisation	**119**	**–**	**119**	119	83	202
Gain on disposal of a subsidiary	**–**	**–**	**–**	–	71,534	71,534

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

The reportable segment assets and liabilities at 30 June 2015 are as follows:

	Road and bridge construction RMB'000	**Sale of petrochemical products RMB'000**	**Total RMB'000**
Reportable segment assets	**2,150,070**	**2,609,612**	**4,759,682**
Reportable segment liabilities	**1,565,562**	**1,733,328**	**3,298,890**

The reportable segment assets and liabilities at 31 December 2014 are as follows:

	Road and bridge construction RMB'000	Sale of petrochemical products RMB'000	Total RMB'000
Reportable segment assets	2,242,860	1,698,497	3,941,357
Reportable segment liabilities	1,723,811	1,190,016	2,913,827

(b) Secondary reporting format – geographical segments

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

5. FINANCE COSTS

	For the six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Interest expense on borrowing wholly repayable within five years and discounted commercial notes	**47,312**	57,670
Less: amount capitalised *(note)*	**(10,561)**	(22,132)
	36,751	35,538

Note: Borrowing costs capitalised during the period arose on the general borrowings and were calculated by applying a capitalisation rate of approximately 6.5% (six months ended 30 June 2014: 6.3%) per annum to expenditure on qualifying assets.

6. PROFIT BEFORE INCOME TAX EXPENSE

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

	For the six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Depreciation of property, plant and equipment	**2,588**	3,489
Staff costs	**9,563**	16,759
Cost of inventories recognised as expenses	**4,463,714**	2,407,004
Operating lease rental expenses in respect of		
– Land and buildings	**3,758**	2,266
(Reveal of)/Impairment on trade and other receivables, net	**(1,600)**	30,900

7. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Current income tax		
PRC enterprise income tax	**18,424**	41,740
Hong Kong profits tax	**–**	–
	18,424	41,740

Profits of subsidiaries established in the PRC are subject to enterprise income tax at 25% (six months ended 30 June 2014: 25%). Profits of subsidiaries established in Hong Kong are subject to Hong Kong profits tax of 16.5% (six months ended 30 June 2014: 16.5%).

8. EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to owners of the Company of RMB82,297,000 (six months ended 30 June 2014: RMB99,109,000) by the weighted average number of ordinary shares in issue throughout the period of 1,728,977,416 shares (six months ended 30 June 2014: 1,404,285,000 shares as restated).

	For the six months ended 30 June	
	2015	2014 (Restated)
Profit attributable to owners of the Company (RMB'000)	**82,297**	99,109
Weighted average number of ordinary shares in issue (thousands)*	**1,728,977**	1,404,285
Basic earnings per share (RMB per share)	**0.048**	0.071

* The weighted average number of ordinary shares for the purpose of basic earnings per share of six months ended 30 June 2014 has been adjusted for the bonus issue completed on 29 October 2014. Immediately after the completion of the bonus issue, the total number of shares in issue was increased from 936,190,000 shares to 1,404,285,000 shares.

Diluted earnings per share equals to basic earnings per share, as there were no potential dilutive ordinary shares issued during the six months ended 30 June 2015 and 2014.

9. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

10. INVENTORIES

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
Petrochemical products for resale	**17,958**	177,730
Asphalt for construction	**1,068**	3,935
Other construction materials	**44,172**	12,675
	63,198	194,340

11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
Trade receivables	**2,816,121**	1,956,919
Commercial notes receivable	**64,000**	47,430
Retention sum for construction contracts	**510,319**	544,743
	3,390,440	2,549,092
Prepayments and deposits	**461,582**	549,065
Other receivables	**7,783**	37,692
Amounts due from associates	**785**	1,413
Less: Impairment losses	**(117,451)**	(123,073)
Total	**3,743,139**	3,014,189
Classified as:		
Non-current assets	**616,263**	663,002
Current assets	**3,126,876**	2,351,187
	3,743,139	3,014,189

11. TRADE AND OTHER RECEIVABLES *(Continued)*

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

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
Road and bridge construction *(note (a))*		
Less than 6 months	**961,675**	1,484,880
6 months to less than 1 year	**45,938**	98,252
1 year to less than 2 years	**27,926**	93,446
2 years to less than 3 years	**21,142**	31,610
Over 3 years	**13,684**	15,928
	1,070,365	1,674,116
Sale of petrochemical products *(note (b))*		
Less than 31 days	**1,329,490**	479,967
31 to 60 days	**527,815**	22,798
61 to 90 days	**102,983**	683
91 days to less than 1 year	**143,586**	305,003
1 year to less than 2 years	**155,271**	59,603
2 years to less than 3 years	**44,893**	2,638
Over 3 years	**16,037**	4,284
	2,320,075	874,976
Total	**3,390,440**	2,549,092

Notes:

(a) In respect of road and bridge construction business, average credit period is negotiated on an individual basis in accordance with contract terms. Normally the general credit period is ranging from 0 to 3 years. Substantially all customers of road and bridge construction business are PRC government-related corporations which have no recent history of default. The credit quality of trade receivables has been assessed by referencing to the counterparty's historical default rates and background. Terms of some construction contracts stipulate that some customers would withhold a portion of total contract amount (usually 5%) until a specified period (usually 2 years) after completion of the contract.

(b) For sale of petrochemical products business, credit terms granted to individual customer vary on a customer by customer basis which is determined by management with reference to the creditability of respective customer. Normally, the general credit period is ranging from 30 to 180 days.

12. TRADE AND OTHER PAYABLES

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
Trade payables	**1,482,057**	1,073,175
Notes payable	**572,200**	555,300
	2,054,257	1,628,475
Amount due to an associate	**–**	662
Deposits received	**109,439**	81,536
Other payables	**108,718**	178,673
Accruals	**50,905**	5,562
Total	**2,323,319**	1,894,908

The ageing analysis of trade payables is as follows:

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
Road and bridge construction		
Less than 6 months	**379,487**	735,370
6 months to less than 1 year	**31,535**	61,256
1 year to less than 2 years	**18,935**	37,064
2 years to less than 3 years	**6,069**	22,417
Over 3 years	**18,982**	10,015
	455,008	866,122
Sale of petrochemical products		
Less than 31 days	**1,153,425**	446,383
31 to 60 days	**212,905**	1,328
61 to 90 days	**51,729**	66,708
91 days to less than 1 year	**180,165**	246,920
1 year to less than 2 years	**28**	28
2 years to less than 3 years	**–**	–
Over 3 years	**997**	986
	1,599,249	762,353
Total	**2,054,257**	1,628,475

13. BORROWINGS

		As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
Secured	– interest bearing loans	**239,000**	322,000
Unsecured	– interest bearing loans	**642,500**	570,000
		881,500	892,000

At 30 June 2015 and 31 December 2014, total borrowings of the Group were repayable as follows:

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
On demand or within one year	**841,500**	822,000
More than two years, but not exceeding five years	**40,000**	70,000
	881,500	892,000

14. SHARE CAPITAL

	Number of ordinary shares	Amount RMB'000
Authorised, issued and fully paid:		
Ordinary share of RMB0.1 each		
At 1 January 2014 and 30 June 2014	936,190,000	93,619
Bonus shares *(note i)*	468,095,000	46,810
At 31 December 2014 and 1 January 2015	1,404,285,000	140,429
Right issue *(note iii)*	631,928,250	63,192
At 30 June 2015	2,036,213,250	203,621

i. Pursuant to the special resolution passed at the annual general meeting and respective class meetings of the Company on 25 June 2014, it was approved to issue bonus shares to all the shareholders of the Company on the basis of five new bonus shares for every ten existing shares of the Company held. A total of 468,095,000 bonus shares were issued on 29 October 2014.

ii. Pursuant to the special resolution passed at the annual general meeting and respective class meetings of the Company on 23 June 2015, it was approved to issue bonus shares to all the shareholders of the Company on the basis of five new bonus shares for every ten existing shares of the Company held by the members on the register of members of the Company on 9 July 2015. A total of 1,018,106,625 bonus shares has been issued on 27 July 2015 which comprises 496,106,625 bonus H shares and 522,000,000 bonus domestic shares.

14. SHARE CAPITAL *(Continued)*

iii. On 17 February 2015, the Company proposed to raise fund by way of a rights issue of 631,928,250 rights shares (comprising 324,000,000 domestic rights shares and 307,928,250 H rights shares) on the basis of 4.5 rights shares for every 10 existing shares held by the qualifying shareholders at the subscription price of RMB0.62 per domestic rights share and HK$0.78 per H rights share payable in full on acceptance. The rights issue was completed on 30 March 2015. As a result, approximately RMB390,700,000 was raised.

15. DISPOSAL OF A SUBSIDIARY

On 9 May 2014, the Group disposed of its 100% equity interests in the subsidiary 鄭州華盛石油制品有限公司 (Zhengzhou Huasheng Petroleum Products Co. Ltd.) ("Zhengzhou Huasheng"), which is engaged in the fuel oil trading in the PRC, to an independent third party. Net assets of Zhengzhou Huasheng at the date of disposal were as follows:

	Carrying amount RMB'000
Payments for leasehold land held for own use under operating leases	7,115
Property, plant and equipment	14,657
Inventory	1,694
Cash and cash equivalents	69
Current tax liabilities	(69)
Net assets disposed	23,466
Total consideration	(95,000)
Gain on disposal of a subsidiary *(note 3)*	71,534

	RMB'000
Satisfied by:	
Cash consideration received	95,000
Net cash inflow arising on disposal:	
Cash and cash equivalents disposed	(69)
Cash consideration received	95,000
	94,931

Zhengzhou Huasheng contributed a turnover of RMB36,990,000 and net profit of RMB1,350,000 to the Group for the period from 1 January 2014 to the date of disposal.

16. EVENT AFTER THE REPORTING PERIOD

i. On 29 July 2015, the Company and Shenzhen Dasheng Agricultural Group Co. Ltd. ("Shenzhen Dasheng"), which currently holds approximately 29.86% equity interests of the Company, entered into a share subscription agreement pursuant to which the Company has conditionally agreed to allot and issue and Shenzhen Dasheng has conditionally agreed to subscribe for 1,500,000,000 H Shares at a price of not less than HK$0.8 per share. On the same day, the Company entered into a placing agreement with a placing agent, pursuant to which the Company has conditionally agreed to place through the placing agent, on a best efforts basis, of 1,500,000,000 H Shares at a price of not less than HK$0.8 per share. The new shares proposed to be subscribed or placed will rank pari passu in all respects with the existing H Shares in issue. The aggregated gross proceeds from the subscription and the placing shall be no less than HKD2.4 billion. The proceeds shall be mainly used for developing and exploring new business of providing financial services in agricultural sector. For details, please refer to the announcement issued by the Company on 5 August 2015. As at the date of this report, the subscription as well as the placing have not been completed.

ii. On 18 August 2015, the Company entered into a share sale and purchase agreement with an independent third company (the "Vendor"), pursuant to which the Company shall acquire from the Vendor 80% equity interests of a third-party payment services provider at a total consideration of RMB268 million. The third-party payment business shall make great contribution when the Group expands its business into financial services in the agriculture sector. For details, please refer to the announcement issued by the Company on 18 August 2015. As at the date of this report, the acquisition has not been completed.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business Review

In the first half of 2015, the recovery of global economy was weaker than expected in general. Unfavourable factors such as market concerns over an interest rate rise by the US Federal Reserve and the Greece debt crisis have dragged the economic rebound and the overall global economy was still in a stage of slow recovery with significant divergence. Domestically, at its consistent pace of adjustment and divergence, China's economy has seen certain improved key indicators and more favourable factors emerged. The steady growth policy also started to bear fruits. The gross domestic product was RMB29,686.8 billion in the first half of the year, representing a year-on-year increase of 7.0%. The national economy was "stable with progression" as a whole, but continued to linger at low level.

As affected by the slowdown of economic growth, the overall demand for the petrochemical industry remained flat in the first half of the year. However, the business recorded a relatively significant growth during the period as the Group made timely adjustments on both product mix and marketing strategies and strengthened its strategic cooperation with major partners. In respect of the Group's road and bridge construction business, leveraging the opportunities arising from certain factors such as the government policies on optimization and consolidation of transportation network in China which is now at the critical stage, the "Twelfth Five-Year Plan" coming into the final stage in 2015 and the launch of the "One Belt and One Road" (OBOR) strategy, the Group has moderately stepped up its investment in road and bridge construction and maintained an appropriately fast construction progress. These are instrumental for accomplishing our planned objectives and would also act as proactive measures to stabilise investment and achieve steady growth. However, with the slowdown of macroeconomic development, more time is required for the stimulus from the relevant policies to take effect and show in investment demands. On the basis of its sound foundation, the Group's road and bridge construction business underwent smooth development and maintained a considerable number of contracted projects, thus successfully delivering a stable performance during the period. Meanwhile, the Group consolidated its road and bridge construction by taking advantages of the OBOR policies and gradually enhanced the petrochemical products supply chain. In an effort to diversify its operations, it also developed its agricultural internet finance business to keep up with the "Internet+" era.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Financial and Business Review *(Continued)*

During the period under review, turnover of the Group was approximately RMB5,285,752,000, representing a substantial increase of approximately 71.6% as compared with that of the same period last year, which was primarily attributable to the rapid growth of the petrochemical products supply chain services business. During the period under review, the Group recorded a gross profit of approximately RMB182,218,000, representing a slight decrease of approximately 1.9% as compared to the same period last year, which was mainly attributable to the proactive adjustment to product mix of petrochemical products supply chain services business made by the Group since the second half of 2014. Turnover of the road and bridge construction business was approximately RMB411,386,000 during the period, representing a decrease of approximately 27.3% as compared to the same period last year, and gross profit was approximately RMB78,552,000, representing a year-on-year decrease of approximately 3.2%. Turnover of petrochemical products supply chain services business was approximately RMB4,874,366,000, representing a substantial increase of approximately 93.8% as compared to the same period last year, and gross profit was approximately RMB103,666,000, which levelled off the performance of the same period last year.

Business Operations

The Group's main business includes road and bridge construction business and petrochemical products supply chain services. Among them, road and bridge construction business mainly comprises the construction and maintenance of highways and bridges. The Company possesses first-class national highway construction contractor qualification and first-class municipal utility construction contractor qualification for undertaking expressway, roadbed, bridge and municipal utility construction projects across the country. Leveraging on the technical advantages and extensive project experience accumulated over the years in road and bridge construction business, the Company not only strengthened its position in developed markets such as Eastern, Central and Southern China, but also capitalized from the opportunities brought by the national policies to further reinforce its strength in road and bridge construction sector and continuously explore new markets so as to bring a stable momentum to optimize the development of the Group's road and bridge construction business and growth of the projects. For petrochemical products supply chain services, the Group was mainly engaged in the trading of petrochemical products such as fuel oil, diesel, petroleum coke and fertilizer products. Leveraging its extensive experience accumulated and stable channels in this sector, the Company has established highly competitive product mix and business scale. In addition, the Group will endeavor to realize the goal of diversified operation to optimize the general resources of the Group and enhance its comprehensive strengths. To this end, the Group will actively develop its agriculture internet finance business, which has a geographical focus in the mainland China and mainly provides agricultural product trading, agricultural product supply chain finance, financial leasing and trade finance related businesses in agriculture field. During the recent years, the PRC government vigorously promoted the development in both urban and rural areas and the establishment of modern agriculture. The Group's expansion into agriculture financial business also reflects that the management has fully captured the opportunities brought by the national macroeconomic strategies.

Road and bridge construction business

Benefitted from the aggressive promotion of the OBOR strategy by the PRC government, the demand for contractors of infrastructure construction and high-grade highways has increased rapidly. During the first half year, Chinese enterprises undertook 1,401 foreign contract construction projects from 60 countries located along the route of OBOR. The value of the newly signed contracts amounted to USD37.55 billion, fostering a brighter prospect for the future development of the infrastructure market. When undertaking large-scale projects, the Group would make comprehensive consideration on project profitability and competence of working partners. As for business expansion, it will prioritize regions supported by governments with solid financial strengths for tenders and construction, strictly control the relevant risks and meanwhile, ensure a steady growth in business and profit of the Group.

As of 30 June 2015, turnover for the Group's road and bridge construction business was approximately RMB411,386,000 (30 June 2014: approximately RMB566,200,000), accounting for approximately 7.8% of the Group's total turnover, and gross profit was approximately RMB78,522,000 (30 June 2014: approximately RMB81,126,000), representing a year-on-year decrease of approximately 3.2%, whereas gross margin increased steadily from approximately 14.3% in the same period last year to approximately 19.09% in the reporting period. The increase was mainly attributed to the diverging progress of the road and bridge construction and the adjustments on the types of work commenced. As of 30 June 2015, the backlog of bid-winning construction contracts for road and bridge construction business not yet recognized as revenue amounted to approximately RMB1.56 billion, most of which will be completed within the next 6 to 18 months, which will bring stable capital inflows to the Group for future operations.

Petrochemical products supply chain services business

The OBOR strategy will promote the cooperation between China and the countries along OBOR on energy projects, bringing complementary advantages and opening new window of opportunities for these countries. During this process, China's oil and gas enterprises would be able to secure oil and gas resources at a lower price than before and have more opportunities to carry out low cost merger and acquisition. Under this favourable situation, the Group will, as it did in the past, strictly control the trade-related risks, steadily push forward the adjustment on the layout of fuel oil and other petrochemical products supply chain services business, and carry out in-depth analysis on market demand changes. It will also improve the deployment of business sectors and resources by optimizing its internal resources so as to facilitate further development of its core businesses.

Petrochemical products supply chain services business *(Continued)*

Along with the changes of demand in the domestic petrochemical market, the Group actively capitalized the opportunities brought by the reform of agricultural policy and structural adjustment by deepening its business diversification strategy. Leveraging on its advantages in respect of resources and operating system for petrochemical products, the Company closely followed the national policies and tapped into the historic opportunities posed by the "Farmers, Villages and Agricultural Industry" reform by extending its supply chain services business towards petrochemical downstream products and developing its petrochemical-related chemical fertilizer trading business. During the reporting period, the Group contracted accumulated sales orders in the chemical fertilizer business of over RMB2,330 million, with most of the business partners being well-established enterprises in the industry. The strategic planning of the chemical fertilizer business has not only broadened the range of products and supply chain services of the Company, but also further strengthened its competitiveness as a whole.

As at 30 June 2015, turnover of the Group's petrochemical products sales business was approximately RMB4,874,366,000 (30 June 2014: approximately RMB2,514,587,000), accounting for approximately 92.2% of the Group's total turnover. Gross profit was approximately RMB103,666,000 (30 June 2014: approximately RMB104,665,000), representing a year-on-year decrease of approximately 1%, whereas gross margin declined from approximately 4.2% in the same period of last year to approximately 2.1% during the reporting period. This was mainly attributable to the adjustment of product mix.

Other Income and Gains

For the six months ended 30 June 2015, the Group's other income and gains were approximately RMB4,868,000 (six months ended 30 June 2014: approximately RMB80,436,000).

Distribution Costs

For the six months ended 30 June 2015, the Group's distribution costs were approximately RMB9,883,000 (six months ended 30 June 2014: approximately RMB5,725,000), representing an increase of approximately 72.6% as compared with last year that was attributable to the substantial increase in sales.

Administrative Expenses

For the six months ended 30 June 2015, administrative expenses of the Group were approximately RMB35,643,000 (six months ended 30 June 2014: approximately RMB70,726,000). The significant decrease in administrative expenses of the Group during the period was mainly due to the reversal of net impairment loss of approximately RMB1,600,000 during the period (six months ended 30 June 2014: provision of net impairment loss of RMB30,900,000). This was attributable to the effective integration of existing customer resources and the enhancement of internal management by the Group.

Profit Attributable to Owners of the Company

For the six months ended 30 June 2015, the profit attributable to owners of the Company was approximately RMB82,297,000 (six months ended 30 June 2014: approximately RMB99,109,000), representing a decrease of approximately 17.0% as compared with the corresponding period of last year. The basic and diluted earnings per share attributable to owners of the Company during the period were approximately RMB0.048 (six months ended 30 June 2014: approximately RMB0.071 (restated)), representing a decrease of approximately 32.4% as compared with the corresponding period of last year.

Operating profit before income tax expense but excluding other income and gains recorded a substantial increase, from approximately RMB74,722,000 to approximately RMB103,625,000, representing an increase of approximately 38.7% as compared to the same period of last year.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

Capital Structure

As of 30 June 2015, the Group had total assets less current liabilities of approximately RMB1,511,988,000 (31 December 2014: approximately RMB1,108,726,000), including non-current assets of approximately RMB939,219,000 (31 December 2014: RMB978,702,000) and net current assets of approximately RMB572,769,000 (31 December 2014: approximately RMB130,024,000).

Liquidity and Financial Resources

As of 30 June 2015 and 31 December 2014, the Group had restricted bank deposits and cash and cash equivalents of approximately RMB466,317,000 and RMB399,966,000, respectively.

As of 30 June 2015 and 31 December 2014, the Group had long-term borrowings of approximately RMB70,000,000 and had short-term borrowings of approximately RMB841,500,000 and RMB822,000,000, respectively.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES *(Continued)*

Liquidity and Financial Resources *(Continued)*

Debt to asset ratio as of 30 June 2015 and 31 December 2014 were approximately 70.2% and 73.9%, respectively. Debt to asset ratio was calculated as the percentage of total liabilities divided by total assets.

Foreign exchange risk

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

Pledge of assets

As of 30 June 2015, payments for leasehold land held for own use under operating leases with a net book value of approximately RMB8,290,000 (31 December 2014: approximately RMB8,397,000) were pledged as security for the Group's bank borrowings. As of 30 June 2015, the Group had restricted bank deposits of approximately RMB246,654,000 (31 December 2014: approximately RMB289,242,000) as collateral for the bank borrowings and the issuance of commercial notes, performance bonds and bid bonds to customers.

Employee Information

As at 30 June 2015, the Group had 422 employees. During the period under review, total employee remuneration (including directors' remuneration and mandatory provident fund contributions) amounted to approximately RMB9,563,000 (six months ended 30 June 2014: approximately RMB16,759,000). Employees' remuneration is determined by reference to industry practice as well as the performance and qualifications of the staff.

PROSPECT

Looking forward to the second half of the year, the Chinese government will further implement the OBOR strategy, which will provide strong support to the infrastructure industry and demand for petrochemical products. Meanwhile, the "Certain Opinions on Strengthening the Reform and Innovation to Accelerate Agricultural Modernization" was published by the State Council on 1 February 2015, which stated that the PRC government will continue to focus on the "Farmers, Villages and Agricultural Industry" reform, which has been implemented for 12 years in a row now, and according to the Number 1 Document announced this year, the "Focusing on Development of Modern Agriculture and Accelerating Reform of Agricultural Development Model" will remain as the highest priority of the government. It is expected that the Chinese government will push forward the "National Rural Reform" and "Agricultural Modernization" along with the OBOR strategy. To this end, the Group will duly review and capture any advantages and opportunities under the "new normal" phase of economic development and formulate diversified development strategies to cater for the market demand by leveraging upon the orderly development of its existing businesses. Meanwhile, it will spare no efforts to constantly optimize its general resources allocation and strengthen the overall management. It has also newly introduced the agricultural internet finance business with a view to boost its overall performance by exploring new growth points along the agricultural supply chain and to achieve diversified operation. In terms of implementation, the Group will mainly make strategic adjustments in the following aspects in order to achieve diversified operation.

For our road and bridge construction business, the Group will fully utilize the national OBOR strategy in conjunction with the PPP model, a new development model introduced by the central government, at the same time establishing new business development model through its own efforts. Meanwhile, the Group will focus on key project constructions by reinforcing its management control, thereby striving to maintain and enhance the construction management standards. It will also place great emphasis on both safety and quality during this process. For petrochemical products, the Group will continue to focus on the diversification of the petrochemical product business. While consolidating the existing business, the Group will continue to broaden the product portfolio of its petrochemical products supply chain services, improve its marketing strategies and strengthen the strategic cooperation with major partners so as to maintain a steady growth for this business.

PROSPECT *(Continued)*

As for agricultural internet finance business, this business will establish a consolidated agricultural internet finance system by focusing on the agricultural product wholesale market. The agricultural product wholesale market will be the core of this system. On one hand, a new agricultural product wholesale market will be established or evolved by way of merger and acquisition and the inception of multi-layer and sophisticated industry (merger) funds. On the other hand, the older markets will be redeveloped into a more standardized, systematic, informational, intelligent and finance-based market through merger or entrustment, which will set a benchmark for the intelligent agricultural product wholesale market in China. ERP system and third-party payment platform will also be implemented and established in every individual agricultural product wholesale market to enable cashless and rent-free (subject to appropriate transaction commission depending on the circumstances) transactions. Information from each of the market will be consolidated and brought to a higher level of the B2B e-commerce trading platform, resulting in circulating big data of agricultural products. These data will be used as guidance for global transactions of agricultural products and resources allocation, which may facilitate monitoring and tracking of agricultural products in all stages, ensure food safety and at the same time providing data support for the development of agricultural finance services of the entire industry chain.

In light of this, the Group has established an investment holding company for agricultural products as well as a financial holdings platform and is now in the course of acquiring a third-party payment (technology) platform. Such platforms will serve as the platform of the Group for industry investment holding, financial services as well as technology and settlement services. Looking forward, the Group will rely on this platform to develop agricultural internet finance business in full force.

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

At 30 June 2015, the interests or short positions of the directors (the "Directors"), chief executives and supervisors (the "Supervisors") of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required, (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept under section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("the Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long position in the shares of the Company:

Name of Directors	Type of shares	Capacity	Total number of shares and underlying shares	Approximate percentage of shareholding in such class of shares of the Company	Approximate percentage of shareholding in the registered share capital of the Company
Mr. Lan Huasheng (Executive Director)	domestic shares	Interest in controlled corporation (Note 1)	608,006,018 (L)	58.24%	29.86%
Mr. Lu Tingfu (Supervisor)	domestic shares	Interest in controlled corporation (Note 1)	608,006,018 (L)	58.24%	29.86%
Mr. Wang Liguo (Executive Director)	domestic shares	Interest in controlled corporation (Note 2)	435,993,982 (L)	41.76%	21.41%

L = Long position

Note 1: Shenzhen Dasheng Agricultural Group Co. Ltd. ("Shenzhen Dasheng") is wholly owned by Dasheng Holdings Limited ("Dasheng Holdings") and in turn owned as to 70% by Mr. Lan Huasheng and 30% by Mr. Lu Tingfu. By virtue of the SFO, Mr. Lan Huasheng and Mr. Lu Tingfu are deemed to be interested in 608,006,018 domestic shares of the Company held by Shenzhen Dasheng. These 608,006,018 domestic shares are charged by Shenzhen Dasheng in favour of a third party.

Note 2: Zhenjiang Runde Equity Investment Fund Ltd. ("Zhenjiang Runde") is wholly owned by Mr. Wang Liguo. By virtue of the SFO, Mr. Wang Liguo is deemed to be interested in 435,993,982 domestic shares of the Company held by Zhenjiang Runde.

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

At 30 June 2015, the persons or company (not being a Director, Supervisor or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be notified to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept under section 336 of the SFO, or who were directly and/or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were listed as follows:

Name of shareholders	Type of shares	Capacity	Total number of shares and underlying shares	Approximate percentage of shareholding in such class of shares of the Company	Approximate percentage of shareholding in the registered shares capital of the Company
Dasheng Holdings	domestic shares	Interest in controlled corporation (note 1)	608,006,018 (L)	58.24%	29.86%
Shenzhen Dasheng	domestic shares	Beneficial owner (note 1)	608,006,018 (L)	58.24%	29.86%
Zhenjiang Runde	domestic shares	Beneficial owner	435,993,982 (L)	41.76%	21.41%
Simosa Oil Co., Ltd. (中塑油品股份有限公司)	H shares	Beneficial owner	83,734,150 (L)	8.44%	4.11%
CITIC Securities Company Limited	H shares	Interest in controlled corporation (note 2)	57,256,000 (L)	5.77%	2.81%
CITIC Securities International Company Limited	H shares	Interest in controlled corporation (note 2)	57,256,000 (L)	5.77%	2.81%
CLSA B.V.	H shares	Interest in controlled corporation (note 2)	57,256,000 (L)	5.77%	2.81%
CLSA Capital Partners Limited (formerly known as CLSA Funds Limited)	H shares	Interest in controlled corporation (note 2)	57,256,000 (L)	5.77%	2.81%
CLSA Private Equity Management Limited	H shares	Investment manager (note 2)	57,256,000 (L)	5.77%	2.81%

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

Name of shareholders	Type of shares	Capacity	Total number of shares and underlying shares	Approximate percentage of shareholding in such class of shares of the Company	Approximate percentage of shareholding in the registered shares capital of the Company
Aria Investment Partners III, L.P. ("Aria III")	H shares	Interest in controlled corporation (note 2)	57,256,000 (L)	5.77%	2.81%
Babylon Limited	H shares	Beneficial owner (note 2)	57,256,000 (L)	5.77%	2.81%

L = Long position

Note 1: Shenzhen Dasheng is wholly owned by Dasheng Holdings and in turn owned as to 70% by Mr. Lan Huasheng and 30% by Mr. Lu Tingfu. By virtue of SFO, Dasheng Holdings is deemed to be interested in 608,006,018 domestic shares of the Company held by Shenzhen Dasheng. These 608,006,018 domestic shares are charged by Shenzhen Dasheng in favour of a third party.

Note 2: Babylon Limited hold 57,256,000 H shares of the Company. As Aria III owns 100% of Babylon Limited and is thus deemed to be interested in 57,256,000 H shares held by Babylon Limited pursuant to the SFO. As CLSA Private Equity Management Ltd. is the investment manager of Aria III, it is deemed to be interested in the 57,256,000 H shares pursuant to the SFO. CITIC Securities Company Limited owns 100% of CITIC Securities International Company Limited, which in turn owns 100% of CLSA B.V., which in turn owns 100% of CLSA Capital Partners Limited, which in turn owns 100% of CLSA Private Equity Management Ltd. Therefore, CITIC Securities Company Limited, CITIC Securities International Company Limited, CLSA B.V. and CLSA Capital Partners Limited are deemed to be interested in the 57,256,000 H shares pursuant to the SFO.

Directors' and Supervisors' right to acquire shares or debentures

None of the Directors and Supervisors or their respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or any other body corporate, or had exercised any such right during the period ended 30 June 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Following a specific enquiry, all the Directors confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2015.

AUDIT COMMITTEE

The audit committee ("Audit Committee") was formed in 2005 and the terms of reference of Audit Committee are aligned with the code provisions in the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to review and monitor the financial reporting process and internal controls system of the Group. The Audit Committee comprises three independent non-executive Directors, namely, Mr. Chung Cheuk Ming, Ms. Pan Min and Mr. Zhou Jianhao and one non-executive Director, Mr. Chan Cheuk Wing Andy (retired on 23 June 2015), Mr. Zhu Tianxiang (appointed on 23 June 2015). The chairman of the Audit Committee is Mr. Chung Cheuk Ming.

The Audit Committee, together with the management of the Company, has reviewed the Group's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2015 and had the opinion that the preparation of the interim report is in compliance with the applicable accounting standards and requirements.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

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

CORPORATE GOVERNANCE

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

Throughout the six months ended 30 June 2015, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules, except the following:

Code Provision A.6.7 of the CG Code stipulates that non-executive directors, including independent non-executive directors, should attend general meetings of the Company. One of the independent non-executive directors, namely Ms. Pan Min, was unable to attend the annual general meeting of the Company held on 23 June 2015 due to other business engagements.

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

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of Directors since the date of the 2014 annual report of the Company which are required to be disclosed are set out as follows:

With effect from 1 April 2015, the director's fee of each of Ms. Pan Min and Mr. Zhou Jianhao has been revised to RMB60,000 per annum, which were determined with reference to market conditions.

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

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

APPRECIATION

On behalf of the Board, I wish to express my sincere gratitude to the Board members, the management and the staff of the Group for their industrious performance and dedication during the past half year, and to the shareholders and business partners for their continuous support for the Group.

By Order of the Board
Shanghai Tonva Petrochemical Co., Ltd.
Lan Huasheng
Chairman

Shanghai, the PRC, 31 August 2015