中國石化儀征化纖股份有限公司
SINOPEC YIZHENG CHEMICAL FIBRE COMPANY LIMITED

(a joint stock limited company established in the People's Republic of China)

(Stock code: 1033)

Announcement of the interim results for the six months ended 30 June, 2014

The Board of Directors ("**the Board**") of Sinopec Yizheng Chemical Fibre Company Limited ("**the Company**") hereby presents the interim results of the Company for the six months ended 30 June 2014.

1. IMPORTANT NOTES

1.1 The Board and the Supervisory Committee of the Company and its directors, supervisors and senior management warrant that there are no false representations, misleading statements or materialomissions in this Interim Report and individually and jointly accept full responsibility for the authenticity, accuracy and completeness of the information contained in this Interim Report.

1.2 The interim financial statements of the Company for 2014, which have been prepared in accordance with the PRC Accounting Standards for Business Enterprises ("**PRC ASBE**") have been audited by PricewaterhouseCoopers ZhongTian LLP (Special General Partnership) and the auditor has issued unqualified opinions on the financial statements. The interim financial statements of the Company for 2014, which have been prepared in accordance with International Financial Report Standards ("**IFRS**") are unaudited, but have been reviewed by PricewaterhouseCoopers.

1.3 Mr. Lu Li-yong, Chairman and General Manager; Mr. Li Jian-ping, Director and Chief Financial Officer; and Mr. Cao Lai-yu, Vice Director of the Asset and Accounting Department of the Company, hereby warranted the authenticity and completeness of the interim financial statements contained in the Interim Report.

1.4 This announcement of interim results is a summary of the 2014 Interim Report of the Company. For more details, investors should carefully read the full version of the 2014 Interim Report, which is published on the websites of the Shanghai Stock Exchange ("**SSE**") (website: http://www.sse.com.cn), The Stock Exchange of Hong Kong Limited ("**HKSE**") (website: http://www.hkex.com.hk) and the Company (website: http://www.ycfc.com).

2 BASIC INFORMATION OF THE COMPANY

2.1 Company profile

2.1.1 Places of listing, names and codes of the stock:

Share Type	Place of listing of the shares	Stock abbreviation	Stock Code	Stock abbreviation before change
A Shares	Shanghai Stock Exchange	*ST Yihua	600871	Yizheng Chemical
H Shares	Hong Kong Stock Exchange	Yizheng Chemical	1033	-

2.1.2 Contact Persons and Contact Methods

	Company Secretary	Securities Affairs Representative
Name:	Mr. Tom C.Y. Wu	Mr. Shen Ze-hong
Address:	Company Secretary Office Sinopec Yizheng Chemical Fibre Company Limited，Yizheng City, Jiangsu Province, the PRC	
Postal Code:	211900	
Tel:	86-514-83231888	
Fax:	86-514-83235880	
E-mail:	cso@ycfc.com	

2.2Principal financial data and financial indicators

2.2.1Extracted from the interim financial report prepared under IFRS (Unaudited)

	As at 30 June 2014 ***RMB '000***	As at 31 December 2013 *RMB '000*	Increase /(decrease) from last year (%)
Total assets	8,839,788	10,629,304	(16.8)
Total equity attributable to equity shareholders of the Company	5,314,678	7,063,464	(24.8)
Net assets per share attributable to equity shareholders of the Company	RMB 0.886	RMB 1.177	(24.8)
	For the six months ended 30 June 2014 RMB '000	For the six months ended 30 June 2013 RMB '000	Increase/(decrease) from corresponding period of last year (%)
(Loss) / profit attributable to equity shareholders of the Company	(1,748,786)	(488,915)	Not applicable
Net cash used in operating activities	(294,082)	(746,044)	Not applicable
Basic and diluted(loss)/earnings per share	RMB (0.291)	RMB (0.081)	Not applicable
Return on net assets	(28.26%)	(5.91%)	Decreased by 22.35 percentage points
Net cash used in operating activities per share	RMB (0.049)	RMB (0.124)	Not applicable

2.2.2 Extracted from the interim financial report prepared in accordance with the PRC ASBE (Audited)

(1) Key financial data

	As at 30 June 2014 *RMB '000*	As at 31 December 2013 *RMB '000*	Increase /(decrease) from last year (%)
Operating income	7,924,423	8,717,991	-9.1
Operating profit (“-” for losses)	-1,667,853	-579,338	Not applicable
Profit before income tax (“-” for losses)	-1,676,496	-595,561	Not applicable
Net profit attributable to equity shareholders of the Company (“-” for losses)	-1,750,279	-491,445	Not applicable
Net profit deducted extraordinary gain and loss attributable to equity	-1,741,636	-479,278	Not applicable

shareholders of the Company ("-" for losses)			
Net cash inflow from operating activities ("-" for outflow)	-257,014	-725,167	Not applicable
	For the six months ended 30 June 2014 *RMB '000*	For the six months ended 30 June 2013 *RMB '000*	Increase/(decrease) from corresponding period of last year (%)
Total assets	8,839,788	10,629,304	-16.8
Total liabilities	5,346,286	7,096,488	-24.7
Total equity attributable to equity shareholders of the Company	RMB 0.891	RMB 1.183	-24.7

(2) Key financial indicators

	For the six months ended 30 June 2014	For the six months ended 30 June 2013	Increase/(decrease) from corresponding period of last year (%)
Basic earnings per share (RMB) ("-" for losses)	-0.292	-0.081	Not applicable
Diluted earnings per share (RMB) ("-" for losses)	-0.292	-0.081	Not applicable
Basic earnings per share net of extraordinary gain and loss (RMB) ("-" for losses)	-0.290	-0.080	Not applicable
Weighted average return on net assets	-28.13%	-5.92%	Decreased by 22.21percentage points
Weighted average return on net assets net of extraordinary gain and loss	-27.99%	-5.77%	Decreased by 22.22percentage points
Net cash inflow from operating activities per share (RMB)("-" for outflow)	-0.043	-0.121	Not applicable

2.2.3 Extraordinary gain and loss items and amount (figures are based on the interim financial report prepared in accordance with the PRC ASBE) (Audited)

Extraordinary gain and loss items	Amount *(RMB '000)*
Disposal of non-current assets	-4,431
Government grants recognized in profit or loss during the current period	897
Other non-operating income and expenses excluding the aforesaid items	-5,109
Effect of income tax	-
Total	-8,643

2.2.4 Significant differences between the interim financial report of the Company prepared in accordance with the PRC ASBE and IFRS (Audited)

	Net profit attributable to equity shareholders of the Company ("-" for losses)	**Total equity attributable to equity shareholders of the Company**

	For the six months ended 30 June 2014 *RMB '000*	For the six months ended 30 June 2013 *RMB '000*	As at 30 June 2014 *RMB '000*	As at 1 January 2014 *RMB '000*
PRC ASBE	-1,750,279	-491,445	5,346,286	7,096,488
IFRS	-1,748,786	-488,915	5,314,678	7,063,464
Explanations for difference	Please refer to the section 7.3 of the financial report in this announcement			

3. CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF MAJOR SHAREHOLDERS

3.1 During the reporting period, there was no change in the total number of shares or the shareholding structure of the Company.

3.2 As at 30 June 2014, there were36,740shareholders in the Company, including 36,234 shareholders holding social public share (A share) and 506 registered holders of H shares.

3.3 As at 30 June 2014, the shareholdings of the top ten shareholders of the Company are respectively as follows:

Shareholdings of the top ten shareholders					
Names of shareholders	Nature of shareholders	Number of shares held (shares)	Percentage to total share capital (%)	Number of shares with selling restrictions (shares)	Number of shares pledged or frozen
China Petroleum & Chemical Corporation ("**Sinopec**")	State-owned legal person	2,415,000,000	40.25	2,415,000,000	0
Hong Kong Securities Clearing Company (Nominees) Limited ("**HKSCC (Nominees) Limited**")*	Overseas legal person	2,079,401,507	34.66	0	0
CITIC Limited ("**CITIC Limited**")	State-owned legal person	1,035,000,000	17.25	1,035,000,000	0
Zheng Lei	Domestic natural person	5,790,407	0.097	0	Unknown
Meng Wei-jun	Domestic natural person	5,221,055	0.087	0	Unknown
Lin You-ming	Domestic natural person	4,294,375	0.072	0	Unknown
Wang Xin-hua	Domestic natural person	4,218,100	0.070	0	Unknown
Liu Yao-guang	Domestic natural person	4,029,894	0.067	0	Unknown
Chen She-xia	Domestic natural person	3,200,950	0.053	0	Unknown

Meng Jun	Domestic natural person	3,105,260	0.052	0	Unknown

Shareholdings of top ten shareholders of shares without selling restrictions		
Name of shareholders	Number of shares without selling restrictions held at the end of the reporting period (shares)	Types of shares
HKSCC (Nominees) Limited*	2,079,401,507	H Shares
Zheng Lei	5,790,407	A Shares
Meng Wei-jun	5,221,055	A Shares
Lin You-ming	4,294,375	A Shares
Wang Xin-hua	4,218,100	A Shares
Liu Yao-guang	4,029,894	A Shares
Chen She-xia	3,200,950	A Shares
MengJun	3,105,260	A Shares
IP KOW	2,850,000	H Shares
Lin Tao	2,733,000	A Shares
Statement on the connected relationship or activities in concert among the above-mentioned shareholders.	The Company is not aware that there is any connected relationship or activities in concert among the above-mentioned shareholders.	

*Notes: *Shares held on behalf of different customers.*

3.4 The interest or short position held by the substantial shareholders and other persons in the Company's shares or underlying shares

So far as the Directors are aware, as at June 30, 2014, the persons other than a Director, Supervisor or senior management of the Company who had interests or short positions in the shares or underlying shares of the Company which are discloseable under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance ("**SFO**") were as follows:

Name of shareholder	Number of share held (shares)	Per cent of shareholding in the Company's total issued share capital (%)	Per cent of shareholding in the Company's total issued domestic shares (%)	Per cent of shareholding in the Company's total issued H shares (%)	Short position
Sinopec*	2,415,000,000	40.25	61.92	Not applicable	-
CITIC Limited	1,035,000,000	17.25	26.54	Not applicable	-

* *As at 30 June 2014,China Petrochemical Corporation ("**CPC**") holds 73.39% of the equity interest in Sinopec.*

As at June 30, 2014, so far as the Directors are aware, save as disclosed above, no person (other than a Director, Supervisor or senior management of the Company) had an interest or short position in the shares of the Company according to the register of interests in shares and short positions kept by the Company pursuant to Section 336 of the **SFO**.

4. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

4.1. Changes in Directors, Supervisors and Senior Management

Because Mr. Xiao Wei-zhen has reached his retirement age, the Board of the Company approved that Mr. Xiao Wei-zhen be resigned from his positions as Vice Chairman, Director, member of the Strategy and Investment Committee of the Board and General Manager of the Company at the fourteenth meeting of the seventh session of the Board held on3 April 2014, with effect from 3 April 2014.The Board approved the appointment of Mr. Lu Li-yong as General Manager of the Company and Mr. Shen Xi-jun as Vice Chairman of the Board of the Company at the fourteenth meeting of the seventh session of the Board.

The Board highly appraises Mr. Xiao for his diligent and dedicated work for many years, and expresses its sincere gratitude to Mr. Xiao for his important contributions to the Company during his term of office.

Mr. Li Jian-ping was elected as Director of the seventh session of the Board of the Company at the 2013 Annual General Meeting held on 18 June 2014.

4.2. Directors', Supervisors' and Senior Management's interests in shares

At the end of the reporting period, Directors, Supervisors and Senior Management did not hold the Company’s shares.

No Directors, Supervisors and Senior Management had any interests, whether beneficial or non-beneficial, in the issued share capital of the Company, and other associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance of Hong Kong) during the reporting period.

4.3. Directors', Supervisors' and Senior Management's rights to acquire shares and debentures and short position

At 30June, 2014, none of the Directors or Supervisors of the Company had any interest and short positions in any shares, underlying shares or debentures of the Company or any associated corporations within the meaning of Part XV of the SFO required to be recorded in the register mentioned under Section 352 of the SFO or as otherwise notifiable to the Company and the Hong Kong Stock Exchange by the Directors and Supervisors pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (“**Model Code**”)as contained in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”).

4.4. Independent Director and Audit Committee

As at 30 June 2014, the Company has four Independent Directors, one of whom are professionals in the accounting field and have experience in financial management.

The Audit Committee of the Board of the Company has been founded in accordance with requirements under the Listing Rules.

5. MANAGEMENT DISCUSSION & ANALYSIS

The following financial figures, except where specifically noted, are extracted from the Company's unaudited interim financial report prepared in accordance with IFRS

5.1 Market review

In the first half of 2014, affected by factors such as slowly recovering global economy, weak export and transition of economic structure in China, the domestic market demand of chemical and chemical fibres continued to remain weak, and the domestic polyester industry was in a situation of in-depth adjustment. Meanwhile, with the domestic polyester production capacity continued to increase, the contradiction between the supply and demand of polyester industry became more prominent, bringing about increasingly intense market competition.

In the first half of 2014, the domestic polyester production capacity had maintained a rapid growth, in which the newly-added polyester production capacity was about 2,850,000 tonnes, and the total domestic polyester production capacity amounted to 45.07 million tonnes by end of this June, further aggravating the current situation of domestic polyester overcapacity. In the first half of 2014, the production volume of polyester products kept a rising momentum, yet the operating rate of the polyester industry continued to decrease, the domestic polyester fiber production volume increased by 8.8 per cent compared with the corresponding period of the last year. As a result, total domestic supply volume of polyester fibre amounted to 18,528,600 tonnes, an increase of 12.9 per cent compared with the corresponding period of last year. Meanwhile, subject to the influences of rigid demand for polyester products domestically and the increasing gross volume of polyester export, total domestic consumption volume of polyester fibre was 16,093,100 tonnes, an increase of 9.1 per cent compared with the corresponding period of 2013.

5.2 Production operational review

In the first half of 2014, facing the difficult market environment and operation condition, the Company continued to optimize production and operation, strengthened fine management, highlighted the technological innovation and marketing, vigorously reduced cost and expenditures to propel effective development, and endeavored to reduce the losses and improve efficiency.

Production volume (tonnes)

For the six months ended 30 June

	2014	2013	Increase/(decrease) (%)
Polyester products			
Polyester chips	**602,572**	591,043	2.0
Bottle-grade polyester chips	**211,241**	212,634	(0.7)
Staple fibre	**327,546**	303,682	7.9
Hollow fibre	**29,285**	32,617	(10.2)
Filament	**24,039**	58,741	(59.1)
Total	**1,194,683**	1,198,717	(0.3)
PTA	**480,287**	545,054	(11.9)

Sales volume (tonnes)

For the six months ended 30 June

	2014	2013	Increase/(decrease) (%)
Polyester products			
Polyester chips	**376,600**	354,328	6.3
Bottle-grade polyester chips	**210,320**	206,889	1.7
Staple fibre	**332,784**	289,870	14.8
Hollow fibre	**30,435**	28,062	8.5
Filament	**17,013**	39,471	(56.9)

Total	**967,152**	918,620	5.3

Average Prices for Products（RMB/tonne, excluding VAT）

	For the six months ended 30 June		
	2014	2013	Change（%）
Polyester products			
Polyester chips	**7,416**	8,656	(14.3)
Bottle-grade polyester chips	**7,707**	9,060	(14.9)
Staple fibre	**8,314**	9,436	(11.9)
Hollow fibre	**10,035**	10,795	(7.0)
Filament	**9,280**	9,896	(6.2)
Weighted average price	**7,904**	9,112	(13.3)

Turnover

	For the six months ended 30 June			
	2014		2013	
	Turnover RMB'000	**Percentage of turnover** (%)	Turnover RMB'000	Percentage of turnover (%)
Polyester products				
Polyester chips	**2,792,869**	**35.2**	3,066,941	35.2
Bottle-grade polyester chips	**1,620,962**	**20.5**	1,874,412	21.5
Staple fibre	**2,766,812**	**34.9**	2,735,158	31.4
Hollow fibre	**305,418**	**3.9**	302,928	3.5
Filament	**157,873**	**2.0**	390,597	4.4
Others	**280,489**	**3.5**	347,955	4.0
Total	**7,924,423**	**100.0**	8,717,991	100.0

In the first half of 2014, despite that the Company has strengthened fine management in a stricter way, made all-out efforts to organize production and operation, endeavored to further reduce costs and expenses, and optimized the products structure, due to factors such as sluggish polyester market demand, overcapacity of polyester products, and that the Company has recognized the provisions for impairment of fixed assets and intangible assets that are indicated to be impaired as at 30 June 2014 and also accelerated amortisation for related long-term prepaid expenses, the Company's loss before taxation and loss attributable to equity shareholders of the Company was RMB 1,675,003,000 and RMB 1,748,786,000 respectively, while the Company's loss before taxation and loss attributable to equity shareholders of the Company for the first half of 2013 was RMB 593,031,000 and RMB 488,915,000 respectively.

As at 30 June 2014, the Company's total assets were RMB 8,839,788,000, total liabilities were RMB 3,525,110,000, and total equity attributable to equity shareholders of the Company was RMB 5,314,678,000. Compared with the assets and liabilities as at 31 December 2013 (hereinafter referred to as "**compared with the end of last year**"), the variations and main causes of such changes are described as follows:

Total assets were RMB 8,839,788,000, representing a decrease of RMB 1,789,516,000 compared with the end of last year, of which: Current assets were RMB 3,968,571,000, representing a decrease of RMB 351,644,000 compared with the end of last year. The decrease was mainly due to the decrease in trade and other receivables by RMB 320,315,000 owing to the decline in turnover in the first half of 2014. Non-current assets were RMB 4,871,217,000, representing a decrease of RMB 1,437,872,000 compared with the end of last year, which was mainly affected by the decrease of RMB 1,256,518,000 in that the Company has recognized the provisions for impairment of fixed assets and intangible assets that are indicated to be impaired as at 30 June 2014 and also the normal depreciation of properties, plants and equipments.

Total liabilities were RMB 3,525,110,000, a decrease of RMB 40,730,000 compared with the end of last year, of which: Current liabilities were RMB 3,465,089,000, representing a decrease of RMB 39,418,000 compared with the end of last year. The decrease was mainly due to the decrease in trade and other payables by RMB 301,511,000 and the increase in short-term borrowings by RMB 262,093,000 during the current period. Non-current liabilities were RMB 60,021,000, a decrease of RMB 1,312,000 compared with the end of last year.

Total equity attributable to equity shareholders of the Company was RMB 5,314,678,000, a decrease of RMB 1,748,786,000 compared with the end of last year, mainly due to the loss attributable to equity shareholders of the Company amounting to RMB 1,748,786,000 in the first half of 2014.

As at 30 June 2014, total liabilities to total assets ratio was 39.9 per cent, whereas 33.5 per cent as at 31 December 2013.

As at 30 June 2014, the Company's bank borrowings were RMB 1,865,000,000 (as at 31 December 2013: RMB 1,602,907,000). These borrowings will be due within one year and were fixed-rate loans. Of the total short-term borrowings of the Company as at June 30 2014, all were denominated in Renminbi.

The gearing ratio of the Company was 26.0 per cent for the first half of 2014 (as at 31 December 2013: 18.5 per cent). The ratio is computed as interest-bearing debts divided by the sum of interest-bearing debts and shareholders' equity.

5.3 Statement of the operations by products (Prepared in accordance with the PRC ASBE)

Products	Operating income for the first half of 2014 RMB'000	Operating cost for the first half of 2014 RMB'000	Gross profit margin (%)	Increase/(decrease) in operating income as compared with the corresponding period of last year (%)	Increase/(decrease) in cost of sales as compared with the corresponding period of last year (%)	Gross profit margin as compared with the corresponding period of last year
Polyester Chips	2,792,869	2,830,689	-1.4	-8.9	-9.1	Increased by 0.2 percentage points
Bottle-grade polyester chips	1,620,962	1,600,938	1.2	-13.5	-13.1	Decreased by 0.5 percentage points
Staple and hollow fibre	3,072,230	3,001,772	2.3	1.1	-1.2	Increased by 2.3 percentage points
Filament	157,873	213,962	-35.5	-59.6	-54.1	Decreased by 16.1 percentage points

5.4 Operating income by regions (Prepared in accordance with the PRC ASBE)

Region	Operating income for the first half of 2014 RMB'000	Increase /(decrease) from last year (%)
Mainland	7,493,751	-8.7
Hong Kong, Macau, Taiwan, and overseas	233,022	-26.9

5.5Capital expenditure

In the first half of 2014, the Company's capital expenditure amounted to RMB 170,985,000. The following table provided information on the Company's major construction projects and their returns in the first half of 2014:

Name of Main project	Amount invested in the first half of 2014 RMB'000	Progress of project	Project return (Actual production volume)
1, 4-butanediol project with an annual capacity of 100,000tonnes	112,967	Construction completed, not been put into production	-
Denitration and dust removal retrofit project of Thermoelectric Production Center	32,723	Under construction	-
Synthetic fiber processing application center project	3,490	Under construction	-
NCIC-YCFC hydrogen pipeline engineering project	173	Under construction	-
Others	21,632	-	-
Total	170,985	-	-

5.6Business prospects

In the second half of 2014, the domestic polyester industry is still facing difficult operating situation. With the world economy continuing to maintain a slowly recovering trend, and China's economic is sustaining the slowdown situation, the conditions of slow growth of polyester market demand and the intensifying market competition can hardly be improved in an effect way. Meanwhile, the overcapacity of polyester industry continues and the polyester industry is still in the trough. Facing the severe business environment, the Company will focus on improving economic benefits, deepen its reform, strengthen its fine management, accelerate its focus of work shifting to technological innovation and marketing, vigorously reduce cost and expenditures to propel transition and development and make efforts to achieve the annual production and operation targets. In the second half of 2014, the Company will focus on the following priorities:

I. Strengthen production management and meticulously maintain safe and stable operation of production facilities

The Company will further implement the requirement of strict management, meticulously organize the production, strengthen the management and control over the whole process of production process, facilities, inspection and operation to maintain safe and stable operation in the long period; enhance the linking-up of production and sales to swiftly adjust product mix and operation load to increase the production of readily marketable and high value-added products; promote product performance to suit customers' demands by continuously stabilizing and improving product quality. In the second half of 2014, the Company's projected production volume of polyester products is 1,193,000 tonnes, and the projected 2014 annual production volume of polyester products is 2,388,000 tonnes, 0.9 per cent lower than the production volume in 2013. The Company's projected production volume of PTA for the second half of 2014 is 552,000 tonnes. The projected 2014 annual production volume of PTA is 1,032,000 tonnes, 2.4 per cent lower than that of 2013.

II. Pay close attention to the market change, balance and optimize the linking-up of material supply, production and sales

The Company will pay close attention to the market changes, further strengthen the linking-up between production, supply and sales, make efforts to promote the sales of products and carry out low inventory strategy so as to realize full sales of all manufactured products for better economic benefits. Meanwhile, regulate raw material procurement rhythm and control quantities in stock to prevent market risks for the maximum economic benefits. In the second half of 2014, the

Company's projected sales volume of polyester products is 989,000 tonnes. The 2014 annual projected sales volume of polyester products is 1,956,000 tonnes, an increase of 1.9 per cent from that of 2013. The ratio of sales to production is expected to reach 100 per cent in the second half of 2014.

III. Optimize product structure and improve benefit contribution of differentiated products

The Company will adhere to the differentiation strategies for high added value and benefits to achieve upgrading of products and adjustment of product structure and strive to enhance the benefit contribution of differentiated products, with the goal of meeting the market demand and improving product competitiveness; make effort in process optimization and quality improvement for large-scale production of super cotton-like staple fibre and strengthen the marketing promotion. In the second half of 2014,the Company's projected production volume of specialized polyester chips and differentiated fibre products is 596,000 tonnes and 318,000 tonnes, respectively, while the specialized rates for polyester chip products and differentiated rates for polyester fibre are expected to be 91.8 per cent and 76.5 per cent.

IV. Greatly reduce cost and expenses and actively promote energy conservation and consumption reduction

The Company will continue to strictly implement overall target cost management and carry out the cost reduction and expenditure control measures that were set in the year beginning, tightly manage the extra-budgetary fees to achieve the cost control targets; expedite the reflow of corporate sales income, strictly control the investment expenditures and payments to alleviate the financial pressure; make every attempt to save energy and reduce consumption, cut down energy consumption as well as material consumption by sustained technological upgrading and rigorous enforcement of fine management to achieve the annual goals of energy conservation and consumption reduction.

V. Place more emphases on developing quality and effectiveness, push forward transformation and upgrading of the company

The Company will push forward its sustainable and sound development by centering closely on enhancing development quality and effectiveness with combination of connotation and extension development along the road of differentiation development and for high added value. It will intensify market development and branding strategy so as to realize full sales of all products manufactured by the super cotton-like staple fibre production lines with an annual capacity of 60,000 tonnes, based on which further efforts will be made to expand the production capacity. The construction of second phase high performance PE fibre project with an annual capacity of 3,000 tonnes will be launched as quickly as possible with expectation of putting it into operation in the second half of 2015. As the polyester filament yarn business is withdrawing correspondingly, the Company will actively launch the renovation and construction of the low melting point staple fibre project with an annual capacity of 40,000 tonnes using its independent R &D technology.

The Company's capital expenditure for the second half of 2014 is projected to be approximately RMB 225,780,000. The amount will be invested in denitration and dust removal retrofit project of Thermoelectric Production Center, NCIC-YCFC ("SINOPEC Nanjing Industries Co., Ltd" and "the Company")hydrogen pipeline engineering project, the project of synthetic fiber processing application center, and the other projects on technical improvement and saving energy consumption. In the second half of 2014, in order to maximize return on investment, the Company will arrange the schedule of capital expenditure in accordance with the prudential principle. The planned capital expenditures will be funded from cash generated from operations and bank credit facilities.

5.7 Warnings on potential fluctuation from the net profit to the loss for the period from the beginning of the year to the end of next reporting period or significant changes as compared with the same period of the preceding year

Due to insufficient polyester market demand, overcapacity of polyester industry, and drastic shrinkage in profit margins which can hardly be effectively improved in short period, as well as that the Company has incurred a significant loss in the first half of 2014, the operational results of the Company is estimated to suffer loss for the period from January to September of 2014.

6. SIGNIFCANT EVENTS

6.1 Final dividends for 2013, internal dividends for 2014 and proposal on issue of shares by capitalizing the common reserves

(a) Final dividends for 2013
As approved by 2013 AGM held on 18 June 2014, the Company did not pay a final cash dividend for the year ended 31 December 2013, according to the Company Law and the Articles of Association of the Company.

(b)Internal dividends for 2014 and proposal on issue of shares by capitalizing the common reserves
In accordance with the Articles of Association of the Company, the Board resolved that no interim dividend was paid for the year ended 31 December 2014, and no issue of bonus shares by way of capitalization of common reserves.

6.2During the reporting period, the Company was not involved in any material litigation or arbitration or events commonly disputable by the media.

6.3During the reporting period, there occurred no bankruptcy restructuring related matter.

6.4During the reporting period, the Company had no acquisition or disposals of assets, nor any merger and acquisitions activities.

6.5 During the reporting period, the Company did not implement stock option incentive plan.

6.6Information on material connected transactions

The Company's material connected transactions entered into during the period ended 30 June 2014 were as follows:
(a)The following is the significant connected transactions relating to ordinary operation during the reporting period:

Type of transaction	Transaction parties	Amount of transaction RMB'000	Proportion of the same type of transaction (%)
Purchase of raw materials	Sinopec and its subsidiaries	6,557,316	91.2
Loans borrowed	Sinopec Finance Company Limited ("**Sinopec Finance**")	2,000,000	60.7
Repayment of loans	Sinopec Finance	1,900,000	74.1

In the opinion of the Company, that the above-mentioned connected transactions with related parties were necessary and continuously occurred, and that the agreements governing these transactions met the requirements of business operation of the Company and the market situation. Meanwhile, purchasing from Sinopec and its subsidiaries ensures steady and secured supply of raw materials, and borrowings from Sinopec Finance enables the Company to acquire necessary financial resources when in shortage of capital funds. Therefore, these connected transactions provided benefits to the Company. These transactions were negotiated at market prices and had no adverse effect on the Company's profit or independence.

(b)During the reporting period, there were no significant connected transactions related to the transfer of assets or equity in the Company.

(c)The following is connected obligatory rights and debts during the reporting period:

Unit：RMB’000

Connected parties	Funds provided to connected party			Funds provided to the Company by connected party		
Sinopec Finance Company Limited	Opening balance	Occurrence amount	Closing balance	Opening balance	Occurrence amount	Closing balance
	—	—	—	700,000	100,000	800,000

During the reporting period, there were no non-operating funds supplied by the Company to the controlling shareholders and its subsidiary.

The Board believed that the above transactions were entered into in the ordinary course of business and in normal commercial terms or in accordance with the terms of agreements governing these transactions. The above applicable connected transactions fully complied with the related regulations issued by HKSE and the SSE.

For details of connected transactions during the reporting period, please refer to note 6 of the interim financial report prepared in accordance with PRC ASBE.

6.7Material contracts and performance

(a) During the reporting period, there were no trusteeship, sub-contracting and leasing of properties of other companies by the Company which would contribute profit to the Company of 10 per cent or more of its total profits for the current period.

(b) The Company did not make any guarantee or pledge during the reporting period.
The resolution regarding the provision of guarantee by the Company for loan facility to be obtained by Far Eastern Yihua Petrochemical (Yangzhou) Corporation (“**Far Eastern Yihua**”) was approved by the 2012 AGM held on 14 June 2013. The Company shall provide a guarantee in respect of the loan facility to be obtained by Far Eastern Yihua of up to USD350 million in proportion to the Company’s percentage equity interest in Far Eastern Yihua. At present, the Company owned 40% interest in Far Eastern Yihua. As at 30 June 2014, the occurrence amount of guarantee and the balance by the Company was nil.

(c) Save as disclosed in this interim report, during the reporting period, the Company did not enter into any material contract which requires disclosure.

6.8Analysis of investment situation

(a) Investment in securities
During the reporting period, there was no investment in securities.

(b) Interest in other listed securities held by the Company
During the reporting period, the Company did not hold any shares of other listed companies.

(c)Equities of financial institutions held by the Company
During the reporting period, the Company did not hold any shares of financial institutions such as commercial banks, securities companies, insurance companies, trust companies and future companies.

(d) Shareholding interests of the Company in non-listed financial institutions
During the reporting period, the Company did not hold any shares of non-listed financial institutions.

(e) During the reporting period, no entrusted financing, entrusted loans, other investments and financing and derivatives investment items of the Company occurred.

6.9 The special commitments by the Company and its shareholders with holdings of more than 5 per cent and the implementation of commitments ending 30 June 2014:

Commitment Background	Acceptance	Commitments	Performance of commitments
Commitments regarding share reform	Sinopec, CITIC Limited	Within 12 months from the date their non-tradeable A shares in the Company have obtained the right to be tradeable on the stock market, they will propose that, subject to compliance with the relevant systems of the State-owned Assets Supervision and Administration Commission of the State Council, the Ministry of Finance and CSRC, the board of directors of the Company makes a proposal for a share option incentive scheme, with the exercise price of the first grant of share options being not less than RMB 6.64 per A share, being the closing price of the A Shares on 30 May 2013 (such minimum exercise price will be subject to adjustment due to matters for exclusion of rights and dividends prior to the announcement of the proposal for the share option incentive scheme)	Announcement on the Progress of Possible Share Option Incentive Scheme is published on the website of HKSE on 15 Aug 2014.
	Sinopec	Sinopec will continue to support the Company's future development after completion of the Company's share reform to accelerate its transformation and development, and will take it as the development platform for related businesses henceforth.	During the reporting period, Sinopec did not breach any relevant undertaking

6.10 During the reporting period, none of the Company or its Directors, Supervisors, senior management, shareholders who hold more than five per cent of the Company's shares or ultimate controller was subject to any investigation by relevant authorities or enforcement by judicial or disciplinary departments or subject to criminal liability, or subject to investigation or administrative penalty by the China Securities Regulatory Commission ("**CSRC**"), nor any denial of participation in the securities market or deemed unsuitability to act as directors thereby by other administrative authorities or any public criticisms made by a stock exchange.

6.11 Other significant events

(a) The Company entered into a letter of intent on 19 June 2013 with Sinopec Asset Management Corporation ("**Sinopec Asset Management**"), a subsidiary of CPC, for the proposed transfer of 50% equity interest in Yihua Toray Polyester Film Co., Ltd. ("**Yihua Toray**") and 40% equity interest in Yihua Bonar Yarns and Fabrics Co., Ltd. ("**Yihua Bonar**") to the Company. The related announcement was disclosed in China Securities, Shanghai Securities News, Securities Times and the website of HKSE on 20 June 2013. Given that CPC is in the process of implementing a material asset reorganization in respect of the Company, after the consultation between Sinopec Asset Management and the Company, the abovementioned letter of intent for the proposed transfer of 50% equity interest in Yihua Toray and 40% equity interest in Yihua Bonar to the Company will be terminated.

(b) Given that the Company understands that CPC, its ultimate controller, is in the process of proposing a material transaction related with the Company and planning to implement a material asset reorganization in respect of the Company on 27 May 2014. For this purpose, the Company immediately issued an announcement of "Suspension of Trading in Relation to a Material Transaction", and the trading of shares of the Company has been suspended from 28 May 2014. Later, the Company issued an announcement of "Continuation of Suspension of Trading in Relation to Proposed Material Asset Reorganization" on 12 June 2014，"Announcement in Relation to Proposed Material Asset Reorganization and Delay in Resumption of Trading" on 14 July 2014 and 13 August 2014 in succession. During the period of continued suspension of trading in its shares, the Company will publish an "Announcement in Relation to Progress of Proposed Material Asset Reorganization" at an interval of five trading days.

7. INTERIM FINANCIAL REPORT

7.1 Interim financial report prepared in accordance with IFRS

The following financial information has been extracted from the Company's unaudited interim financial report, prepared in accordance with IFRS, for the six months ended 30 June 2014.

Statement of comprehensive income for the six months ended 30 June 2014- *unaudited*

	Note	Six months period ended 30 June	
		2014	**2013**
		RMB'000	RMB'000
Revenue	6	7,924,423	8,717,991
Cost of sales		(8,176,055)	(8,949,348)
Gross loss		(251,632)	(231,357)
Other income	7	3,970	2,279
Distribution costs		(120,321)	(109,521)
Administrative expenses		(1,289,826)	(236,329)
Other expenses		(11,196)	(17,087)
Operating loss		(1,669,005)	(592,015)
Finance income	8	31,881	25,848
Finance costs	8	(39,905)	(23,905)
Net finance (expenses)/income		(8,024)	1,943
Share of profit/(loss) of a joint venture		2,026	(2,959)
Loss before income tax	9	(1,675,003)	(593,031)
Income tax expense	10	(73,783)	104,116
Loss attributable to owners of the Company for the period		(1,748,786)	(488,915)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss attributable to owners of the Company for the period		(1,748,786)	(488,915)
Loss per share attributable to owners of the Company			
Basic and diluted loss per share (in RMB)	12	**(0.291)**	**(0.081)**
Dividends	11	**-**	**-**

Statement of financial position as at 30 June 2014- *unaudited*

	Note	30 June 2014 RMB'000	31 December 2013 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	4,130,676	5,387,194
Lease prepayments		153,665	263,262
Investments in a joint venture		586,876	584,850
Deferred tax assets	19	-	73,783
Total non-current assets		4,871,217	6,309,089
Current assets			
Inventories		1,332,117	1,320,644
Trade and other receivables	15	2,573,459	2,893,774
Deposits with banks		-	20,000
Cash and cash equivalents	14	62,995	85,797
Total current assets		3,968,571	4,320,215
Total assets		8,839,788	10,629,304
EQUITY			
Share capital	16	6,000,000	6,000,000
Share premium	16	518,833	518,833
Other reserves	17	230,246	230,169
Retained earnings		(1,434,401)	314,462
Total equity		5,314,678	7,063,464
LIABILITIES			
Non-current liabilities			
Deferred income	21	60,021	61,333
Current liabilities			
Trade and other payables	20	1,600,089	1,901,600
Borrowings	18	1,865,000	1,602,907
Total current liabilities		3,465,089	3,504,507
Total liabilities		3,525,110	3,565,840
Total equity and liabilities		8,839,788	10,629,304
Net current assets		503,482	815,708
Total assets less current liabilities		5,374,699	7,124,797

Statement of changes in equity
for the six months ended 30 June 2014- *unaudited*

	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total equity RMB'000
Balance at 1 January 2014	6,000,000	518,833	230,169	314,462	7,063,464
Total comprehensive expense for the six months period ended 30 June 2014	-	-	-	(1,748,786)	(1,748,786)
Specific reserve accrued (Note 17)	-	-	77	(77)	-
Balance at 30 June 2014	6,000,000	518,833	230,246	(1,434,401)	5,314,678
Balance at 1 January 2013	4,000,000	2,518,833	228,802	1,765,848	8,513,483
Total comprehensive expense for the six months period ended 30 June 2013	-	-	-	(488,915)	(488,915)
Specific reserve accrued (Note 17)	-	-	1,115	(1,115)	-
Balance at 30 June 2013	4,000,000	2,518,833	229,917	1,275,818	8,024,568

Statement of cash flows
for the six months ended 30 June 2014- *unaudited*

	Note	Six months period ended 30 June 2014 RMB'000	2013 RMB'000
Cash flows from operating activities			
– Cash flows from operations		(257,014)	(724,873)
– Interests paid		(37,068)	(20,877)
– Income tax paid		-	(294)
Cash flows used in operating activities		(294,082)	(746,044)
Cash flows from investing activities			
– Purchases of property, plant and equipment		(11,530)	(122,659)
– Proceeds from disposal of property, plant and equipment		1,202	1,074
– Interest received		1,625	1,059
– Government grants received		1,000	918
– Change of deposits with banks		20,000	(20,000)
Cash flows generated from/(used in) investing activities		12,297	(139,608)
Cash flows from financing activities			
– Proceeds from borrowings		3,295,411	1,357,724
– Repayments of borrowings		(3,035,088)	(595,128)
Cash flows generated from financing activities		260,323	762,596
Net decrease in cash and cash equivalents		(21,462)	(123,056)
Cash and cash equivalents at 1 January		85,797	162,027
Exchange (losses)/gains		(1,340)	1,678
Cash and cash equivalents at 30 June	14	62,995	40,649

Notes on the condensed interim financial information (unaudited)

1 General information

Sinopec Yizheng Chemical Fibre Company Limited ("the Company") is principally engaged in the production and sale of chemical fibre and chemical fibre raw materials in the People's Republic of China ("the PRC").

The Company is a joint stock limited liability company incorporated in the PRC. The address of its registered office is Yizheng City, Jiangsu Province, the PRC.

China Petroleum & Chemical Corporation ("Sinopec Corp.") is the Company's immediate parent company and China Petrochemical Corporation ("CPC") is the Company's ultimate parent company.

The Company issued 1,000,000,000 H shares in March 1994, 200,000,000 A shares in January 1995 and 400,000,000 new H shares in April 1995. The Company's H shares and new H shares were listed and commenced trading on the Stock Exchange of Hong Kong Limited on 29 March 1994 and 26 April 1995, respectively. The Company's A shares were listed and commenced trading on the Shanghai Stock Exchange on 11 April 1995.

This condensed interim financial information is presented in RMB, unless otherwise stated. This condensed interim financial information was approved for issue by the Board of Directors of the Company on 22 August 2014.

Pursuant to a notice from CPC on 27 May 2014, CPC is planning a significant assets reorganisation in connection with the Company which will involve the assets and liabilities of CPC's oilfield engineering business. Given the significant uncertainty, the trading of shares of the Company was suspended since 28 May 2014. Up to the date of this report, the detailed reorganisation plan is still under discussion.

This condensed interim financial information has been reviewed, not audited.

2 Basis of preparation

This condensed interim financial information for the six months period ended 30 June 2014 has been prepared in accordance with International Accounting Standard 34 ("IAS 34"), 'Interim financial reporting'. The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

2.1 Going-concern basis

For the six months period ended 30 June 2014, the Company incurred a net loss of RMB 1,748,786 thousand. The Company has recorded accumulated losses of RMB 1,434,401 thousand as at 30 June 2014. Taking into account the Company's ability to generate cash from operating activities, undrawn borrowing facilities of approximately RMB 935 million and planned significant restructure of the Company as mentioned in Note 1, the directors believe that the Company can meet its liabilities as and when they fall due and refinance its borrowings. Consequently, the directors have prepared the interim financial information on a going concern basis.

3 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2013, as described in those annual financial statements.

(a) New standards, amendments and interpretations to existing standards which are effective for accounting periods beginning on or after 1 January 2014 and adopted by the Company.

The following amendment to standard is mandatory for the first time for the financial year beginning 1 January 2014 and has material impact on the Company:

Amendment to IAS 36, “Impairment of assets' on recoverable amount disclosures”. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The Company provided for impairment of certain property, plant and equipment in the year of 2011 and six months period ended 30 June 2014 and the amendment to disclosure information is applied retrospectively.

The following amendment and interpretation to existing standards is mandatory for the first time for the financial year beginning 1 January 2014 and has no material impact on the Company:

Amendment to IAS 32 “Financial instruments: Presentation” on asset and liability offsetting. These amendments are to the application guidance in IAS 32, ‘Financial instruments: Presentation’, and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

IFRIC 21, “Levies”. This is an interpretation of IAS 37, “Provisions, contingent liabilities and contingent assets”. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

The following amendments to existing standards are mandatory for the first time for the financial year beginning 1 January 2014, but are not currently relevant for the Company:

- Amendments to IFRS 10, 12 and IAS 27 “Consolidation for investment entities”

- Amendment to IAS 39 “Financial Instruments: Recognition and Measurement’ - ‘Novation of derivatives’

(b) Standards, amendments and interpretations to existing standards that are not yet effective for the financial year beginning 1 January 2014 and have not been early adopted.

There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

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 these condensed interim financial information, the significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2013.

5 Segment information

The Company manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Company's senior executive management for the purposes of resource allocation and performance assessment, the Company has identified five reportable segments which manufacture and sell polyester chips, bottle-grade polyester chips, staple fibre and hollow fibre, filament and purified terephthalic acid ("PTA"). In view of the fact that the Company operates mainly in the PRC, no geographical segment information is presented.

(a) Segment results and assets

For the purposes of assessing segment performance and allocating resources between segments, the Company's senior executive management monitors the results and assets attributable to each reportable segment on the following bases:

Segment assets represent property, plant and equipment and inventories.

Revenue and cost of sales are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, other than reporting inter-segment revenue, assistance provided by one segment to another, including sharing of assets, is not measured.

The measure used for reporting segment profit is "gross (loss)/profit" (including inter-segment profit).

In addition to receiving segment information concerning "gross (loss)/profit" (including inter-segment profit), management is provided with segment information concerning revenue (including inter-segment revenue), depreciation, amortisation and impairment losses. Inter-segment revenue are priced with reference to market price.

5 Segment information (continued)

(a) Segment results and assets (continued)

Information regarding the Company's reportable segments as provided to the Company's senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below:

	Polyester chips		Bottle-grade polyester chips		Staple fibre and hollow fibre		Filament		PTA		All others #		Total	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
For the six months period ended 30 June														
Revenue from external customers	2,792,869	3,066,941	1,620,962	1,874,412	3,072,230	3,038,086	157,873	390,597	-	32	280,489	347,923	7,924,423	8,717,991
Inter-segment revenue	-	-	-	-	-	-	-	-	2,730,949	3,324,413	-	-	2,730,949	3,324,413
Reportable segment revenue	2,792,869	3,066,941	1,620,962	1,874,412	3,072,230	3,038,086	157,873	390,597	2,730,949	3,324,445	280,489	347,923	10,655,372	12,042,404
Gross (loss)/profit from external customers	(11,032)	(94,944)	21,763	18,207	56,527	(30,355)	(58,508)	(83,331)	-	2	(171,455)	(45,499)	(162,705)	(235,920)
Inter-segment profit	-	-	-	-	-	-	-	-	(88,927)	4,563	-	-	(88,927)	4,563
Reportable segment (loss)/profit	(11,032)	(94,944)	21,763	18,207	56,527	(30,355)	(58,508)	(83,331)	(88,927)	4,565	(171,455)	(45,499)	(251,632)	(231,357)
Depreciation and amortisation	35,082	35,927	8,652	5,939	36,966	26,973	2,570	1,654	70,791	83,696	215,098	79,862	369,159	234,051
Impairment loss	164,028	-	-	-	-	-	-	-	-	-	860,496	-	1,024,524	-
As at 30 June 2014 and 2013														
Reportable segment assets	582,986	785,969	255,604	240,823	1,000,277	876,652	98,770	236,523	678,558	889,646	1,782,502	1,430,774	4,398,697	4,460,387

#Revenuefrom segments below the quantitative thresholds are mainly attributable to five operating segments of the Company including one logistic center, one power center, one water supply center, one thermal center and one high-fiber center. None of those segments met any of the quantitative thresholds for determining reportable segments.

5 Segment information (continued)

(b) Reconciliations of reportable segment revenues, loss, assetsand other material items

	Six months period ended 30 June	
	2014	**2013**
	RMB'000	RMB'000
Revenue		
Revenue for reportable segments	10,655,372	12,042,404
Elimination of inter-segment revenue	(2,730,949)	(3,324,413)
Turnover	7,924,423	8,717,991

	Six months period ended 30 June	
	2014	**2013**
	RMB'000	RMB'000
Loss		
Loss for reportable segments	(251,632)	(231,357)
Other income	3,970	2,279
Distribution costs	(120,321)	(109,521)
Administrative expenses	(1,289,826)	(236,329)
Other expenses	(11,196)	(17,087)
Net finance (expenses)/income	(8,024)	1,943
Share of profit/(loss) of a joint venture	2,026	(2,959)
Loss before income tax	(1,675,003)	(593,031)

5 Segment information (continued)

(b) Reconciliations of reportable segment revenues, loss, assetsand other material items(continued)

	Six months period ended 30 June	
	2014	**2013**
	RMB'000	RMB'000
Depreciation and amortisation		
Depreciation and amortisation for reportable segments	369,159	234,051
Unallocated depreciation and amortisation	11,638	11,602
Total depreciation and amortisation	380,797	245,653

	At 30 June 2014	**At 31 December 2013**
	RMB'000	RMB'000
Assets		
Assets for reportable segments	4,398,697	4,898,663
Unallocated assets	787,478	529,236
	5,186,175	5,427,899
Other non-current assets	1,017,159	2,201,834
Trade and other receivables	2,573,459	2,893,774
Deposits with banks	-	20,000
Cash and cash equivalents	62,995	85,797
Total assets	8,839,788	10,629,304

6 Revenue

Revenue represents the sales value of goods supplied to customers, excluding value added tax and is after deduction of any sales discounts and returns.

7 Other income

	Six months period ended 30 June	
	2014	**2013**
	RMB'000	RMB'000
Government grants	2,312	2,098
Others	1,658	181
	3,970	2,279

8 Finance income and costs

	Six months period ended 30 June	
	2014	**2013**
	RMB'000	RMB'000
Interest income	31,881	21,714
Net foreign exchange gain	-	4,134
Finance income	31,881	25,848
Interest expenses	(38,882)	(23,351)
Net foreign exchange loss	(527)	-
Others	(496)	(554)
Finance expenses	(39,905)	(23,905)
Net finance (expenses)/income	(8,024)	1,943

9 Operating loss

An analysis of the amounts presented as operating items in the financial information is given below.

	Six months period ended 30 June	
	2014	**2013**
	RMB'000	RMB'000
Cost of inventories	8,044,803	8,949,348
Depreciations	376,827	224,571
Impairment losses of property, plant and equipment	1,024,524	-
Amortisation of lease prepayment	3,970	4,238
Net loss on disposal of property, plant and equipment	4,431	2,919

10 Income tax expense

Income tax in the statement of comprehensive income represents:

	Six months period ended 30 June	
	2014	**2013**
	RMB'000	RMB'000
Current income tax		
- Adjustments in respect of prior year	-	294
Deferred income tax	73,783	(104,410)
	73,783	(104,116)

The charge for PRC income tax for the six months period ended 30 June 2014 is calculated at the rate of 25% (six months period ended 30 June 2013: 25%). The Company did not carry out business in Hong Kong or overseas and therefore does not incur Hong Kong Profits Tax or overseas income taxes.

According to the accounting policy of the Company, deferred tax assets are only recognised to the extent that it is probable that taxable profit will be available in the future. Considering the losses incurred in last two years and six months period ended 30 June 2014 and uncertainty of future market, management of the Company assess it is significantly uncertain whether the Company can make sufficient taxable income to utilise those deductible temporary differences and thus determine to write off the deferred income tax assets amounted to RMB 73,783 thousand in the six months period ended 30 June 2014.

11 Dividends

The Board of Directors of the Company did not recommend a payment of any interim dividend for the six months period ended 30 June 2014(six months period ended 30 June 2013: nil).

12 Loss per share

(a) Basic

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

(b) Diluted

There were no dilutive potential ordinary shares in existence during the six months period ended 30 June 2014 and 2013.

	Six months period ended 30 June	
	2014	**2013**
	RMB'000	RMB'000
Loss attributable to owners of the Company	(1,748,786)	(488,915)
Weighted average number of ordinary shares in issue	6,000,000,000 shares	6,000,000,000 shares
Basic and diluted loss per share (RMB)	(0.291)	(0.081)

13 Property, plant and equipment

	Property, plant and equipment	**Construction in progress**	**Other intangible assets**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount as at 1 January 2014	4,099,374	1,279,939	7,881	5,387,194
Additions	995,732	170,986	178,575	1,345,293
Disposals	(32,503)	-	-	(32,503)
Transfer to fixed assets	-	(1,174,307)	-	(1,174,307)
Depreciation	(376,260)	-	(567)	(376,827)
Impairment charge	(839,599)	-	(178,575)	(1,018,174)
Carrying amount as at 30 June 2014	3,846,744	276,618	7,314	4,130,676
Carrying amount as at 1 January 2013	3,495,550	1,870,881	24,682	5,391,113
Additions	73,553	180,926	-	254,479
Disposals	(2,256)	-	-	(2,256)
Transfer to fixed assets	-	(73,553)	-	(73,553)
Transfer to long-term deferred expenses	-	(152,347)	-	(152,347)
Depreciation	(213,558)	-	(11,013)	(224,571)
Carrying amount as at 30 June 2013	3,353,289	1,825,907	13,669	5,192,865

13 Property, plant and equipment (Continued)

Given the rapid increase of raw materials prices, the profit margin of polyester chip products shrink sharply in the second quarter of 2014. The Company assessed the recoverable amount of its property, plant and equipment in relation to polyester chip production facilities as at 30 June 2014 and as a result the carrying amount of property, plant and equipment was written down by 164,028 thousand. The estimate of recoverable amount was based on the value in use of these facilities. In assessing value in use, the discount rate used to calculate the present value of estimated future cash flows is 13%. In addition, the impairment losses were also determined by reference to a revaluation on these facilities performed by an independent valuer registered in the PRC, China United Assets Appraisal Corporation.

Furthermore, in light of the significant and continuous drop of the price of 1, 4 - butanediol product since April 2014 as a result of fierce competition with coal chemical products and severe over-capacity in the industry, and lack of competitively in terms of production cost of the Company's 1, 4 - butanediol product in current market due to technological reason, the Company assessed the recoverable amount of maleic anhydride and 1, 4 - butanediol production facilities as at 30 June 2014 and decided to shut down 1, 4 - butanediol production facilities that does not result in economic benefits. Based on the assessment of the recoverable amount of, the carrying amount of the property, plant and equipment was written down by RMB 1,024,524 thousand. The estimate of recoverable amount was based on the value in use of these facilities. In assessing value in use, the discount rate used to calculate the present value of estimated future cash flows is 13%. In addition, the impairment losses were also determined by reference to a revaluation on these facilities performed by an independent valuer registered in the PRC, China United Assets Appraisal Corporation.

14 Cash and cash equivalents

	30 June 2014 RMB'000	31 December2013 RMB'000
Cash on hand	21	27
Balances with banks and other financial institutions with an initial termless than three months, which are related parties:		
— Sinopec Finance Company limited("Sinopec Finance")	5,078	2,281
— China CITIC Bank	14,085	21,715
Balances with third-party banks and other financial institutions with an initial termless than three months	43,811	61,774
	62,995	85,797

15 Trade and other receivables

	30 June 2014 RMB'000	31 December 2013 RMB'000
Trade receivables	116,234	133,446
Notes receivable	2,155,563	2,558,598
Amounts due from the related parties — trade	21,642	22,094
	2,293,439	2,714,138
Other receivables, deposits and prepayments	142,115	180,930
Amounts due from the related parties — Non-trade	138,798	-
	280,913	180,930
Less: allowance for doubtful debts	(893)	(1,294)
	280,020	179,636
	2,573,459	2,893,774

Sales are generally on a cash term. Subject to negotiation, credit is generally only available for major customerswith well-established trading records.

At 30 June 2014 and 31 December 2013, the ageing analysis of the trade receivables, notes receivable, amounts due from the related parties -trade, based on the invoice date were as follows:

	30 June 2014 RMB'000	31 December 2013 RMB'000
Within 6 months	2,293,034	2,710,430
6 to 12 months	405	3,708
	2,293,439	2,714,138

16 Share capital and share premium

	Number of shares (thousands)	Ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
At 1 January 2014 and 30 June 2014	6,000,000	6,000,000	518,833	6,518,833
At 1 January 2013 and 30 June 2013	4,000,000	4,000,000	2,518,833	6,518,833

17 Other reserves

According to relevant PRC regulations, the Company is required to transfer an amount to reserve for the safety production fund based on the revenue of certain petrochemical products at rates specified in the related regulations. During the six-month period ended 30 June 2014, the Company transferred RMB77,000 from retained earnings to reserve for the safety production fund (six-months period ended 30June 2013: RMB1,115,000).

For the six-months period ended 30 June 2014, no transfers were made to the statutory surplus reserve, or the discretionary surplus reserve (six-months period ended 30 June 2013: Nil).

18 Borrowings

	30 June 2014 RMB'000	31 December 2013 RMB'000
Current - unsecured	1,865,000	1,602,907

Movements in borrowings is analysed as follows:

	RMB'000
Six months period ended 30 June 2014	
Opening amount as at 1 January 2014	1,602,907
Proceeds from borrowings	3,295,411
Repayments of borrowings	(3,035,088)
Foreign exchange gains	1,770
Closing amount as at 30 June 2014	1,865,000

Interest expenses on borrowings for the six months period ended 30 June 2014 is RMB38,882,000(30 June 2013: RMB23,351,000).

The Company has the following undrawn borrowing facilities:

	30 June 2014 RMB'000	31 December 2013 RMB'000
Floating rate:	935,000	550,000

These facilities have been arranged to help finance the working capitals and also ongoing investments on long-term assets.

The Company does not have any exposure to collateralised debt obligations. The Company has sufficient headroom to enable it to conform to covenants on its existing borrowings. The Company has sufficient working capital and undrawn financing facilities to service its operating activities and ongoing investments.

19 Deferred income tax assets

	Six months period ended 30 June	
	2014	**2013**
	RMB'000	RMB'000
Opening balance at 1 January	73,783	312,039
Charged to profit	(73,783)	104,410
Closing balance at 30 June	-	416,449

20 Trade and other payables

	30 June 2014	**31 December 2013**
	RMB'000	RMB'000
Trade payables	671,534	617,927
Amounts due to the related parties — trade	652,172	892,917
	1,323,706	1,510,844
Amounts due to the related parties— non-trade	27,336	43,168
Other payables and accrued expenses	249,047	347,588
	276,383	390,756
	1,600,089	1,901,600

The maturity analysis of trade payables and amounts due to the related parties-trade are as follows:

	30 June 2014	**31 December 2013**
	RMB'000	RMB'000
Due within 3 months	1,071,615	1,439,947
4 to 6 months	226,460	29,946
7 to 12 months	8,323	24,458
Over 12 months	17,308	16,493
	1,323,706	1,510,844

21 Deferred income

	Six months period ended 30 June	
	2014	**2013**
	RMB'000	RMB'000
At 1 January	61,333	55,103
Government grants received during the period	1,000	918
Recognised in the statement of comprehensive income for the period	(2,312)	(2,098)
At 30 June	60,021	53,923

22 Contingent liabilities

With respect to uncertainties about enterprise income tax differences arising from 2006 and before as originated from a tax circular (Circular No.664) issued by the State Administrative of Taxation in June 2007, the Company has been informed by the relevant tax authority to settle the enterprise income tax ("EIT") for 2007 at a rate of 33 percent and for 2008 and thereafter at a rate of 25 percent. To date, the Company has not been requested to pay additional EIT in respect of any years prior to 2007. There is no further development of this matter during the year ended 30 June 2014. No provision has been made in the financial statements for this uncertainty for tax years prior to 2007 because management believes it cannot reliably estimate the amount of the obligation, if any, that might exist.

23 Commitments

(a) Capital commitments

Capital commitments relate primarily to construction of buildings, plant, machinery and purchase of equipment. The Company had capital commitments outstanding at 30 June 2013 not provided for in the interim financial report as follows:

	30 June 2014	**31December 2013**
	RMB'000	RMB'000
Authorised and contracted for	200,766	233,050
Authorisedbut not contracted for	156,294	300,676
	357,060	533,726

(b) Investment commitments

The Company had outstanding commitments of USD8,000 thousand in respect of its investment in Far FEYP at 30 June 2014 not provided for in the interim financial report (31 December 2013:USD8,000 thousand).

24 Related-party transactions

CPC, Sinopec Corp and CITIC Group Corporation (formerly "China International Trust and Investment Corporation") are considered to be related parties as they have the ability to control the Company or exercise significant influence over the Company in making financial and operating decisions.

Sinopec Finance, China CITIC Bank, other subsidiaries, jointly controlled entities and associates of CPC and Sinopec Corp and other subsidiaries and jointly controlled entities of CITIC Group Corporation are considered to be related parties as they are subject to the common control and/or significant influence of CPC, Sinopec Corp or CITIC Group Corporation.

On 27 December 2011, CITIC Group Corporation established CITIC Limited. CITIC Group Corporation and CITIC Limited entered into a restructuring agreement, whereby 720,000,000 of the Company's shares held by CITIC Group Corporation were transferred to CITIC Limited on 25 February 2013.

FEYP is considered to be a related party as it is a jointly controlled entity of which the Company and the other venturer have the ability to exercise jointly control over it.

24 Related-party transactions (ccontinued)

(a) *Purchases of goods and services*

	Six months period ended 30 June	
	2014	**2013**
	RMB'000	**RMB'000**
Purchases of goods:		
–Sinopec Corp and its subsidiaries	6,557,316	5,660,824
–CPC and its subsidiaries (excluding Sinopec Corp and its subsidiaries and Sinopec Finance)	77,229	6,634
Insurance premium:		
–CPC and its subsidiaries (excluding Sinopec Corp and its subsidiaries and Sinopec Finance)	341	7,390
Service charges:		
–Sinopec Corp and its subsidiaries	1,119	10,885
Construction and overhaul fee:		
–CPC and its subsidiaries (excluding Sinopec Corp and its subsidiaries and Sinopec Finance)	10,263	38,023
Miscellaneous service charges:		
–CPC and its subsidiaries (excluding Sinopec Corp and its subsidiaries and Sinopec Finance)	5,577	5,222
Total	**6,651,845**	**5,728,978**

(b) *Sales of goods and services*

	Six months period ended 30 June	
	2014	**2013**
	RMB'000	**RMB'000**
Sales of goods:		
–CPC and its subsidiaries (excluding Sinopec Corp and its subsidiaries and Sinopec Finance)	28,295	170,436
Interest income:		
–Sinopec Finance	429	598
–China CITIC Bank	327	365
Miscellaneous fee charges:		
– CPC and its subsidiaries (excluding Sinopec Corp and its subsidiaries and Sinopec Finance)	7,400	-
Total	**36,451**	**171,399**

24 Related-party transactions (continued)

(c) Others

	Six months period ended 30 June	
	2014	**2013**
	RMB'000	**RMB'000**
Interest expenses:		
–Sinopec Finance	17,593	11,487
Borrowings received:		
–Sinopec Finance	2,000,000	500,000
Borrowings repaid:		
–Sinopec Finance	1,900,000	300,000

(d) *Key management compensation*

Key management compensation amounted to RMB 1,332 thousand for the six months period ended 30 June 2014 (six months period ended 30 June 2013: RMB 1,405 thousand). See below.

	Six months period ended 30 June	
	2014	**2013**
	RMB'000	RMB'000
Salaries and other short-term benefits	1,203	1,281
Retirement scheme contribution	129	124
	1,332	1,405

(e) *Period-end balances arising from sales/purchases of goods/services*

	30 June 2014	**31December 2013**
	RMB'000	RMB'000
Balances with banks		
–Sinopec Finance	5,078	2,281
–China CITIC Bank	14,085	21,715
	19,163	23,996
Receivables from related parties:		
–Sinopec Corp and its subsidiaries	21,627	-
–CPC and its subsidiaries (excluding Sinopec Corp and its subsidiaries and Sinopec Finance)	138,813	22,094
	160,440	22,094
Payables to related parties:		
–Sinopec Corp and its subsidiaries	348,586	490,001
–CPC and its subsidiaries (excluding Sinopec Corp and its subsidiaries and Sinopec Finance)	329,724	445,006
–Sinopec Finance	1,198	1,078
	679,508	936,085
Borrowings from related parties:		
–Sinopec Finance	800,000	700,000

24 Related-party transactions (continued)

(f) Guarantee

Pursuant to the Joint Banks Loan Agreement, FEYP is offered a term loan facility of up to USD350 million for the period of 5 years. The Company and Far Eastern Polytex Holding Limited ("FEPH") will provide guarantee in respect of the Loan Facility, which is severally liable and prorate to their respective percentage equity interest in FEYP. Based on the percentage equity interest of the Company and FEPH in FEYP as at 15 May 2013, the Company and FEPH will guarantee 40% and 60% of the liabilities of FEYP under the Loan Facility respectively. As at 30 June 2014, FEYP has not borrowed in any loans under this facility.

7.2 Semi-annual financial report prepared in accordance with the PRC Accounting Standards for Business Enterprises

The financial statements of Sinopec Yizheng Chemical Fibre Company Limited ("the **Company**") prepared under the China Accounting Standards have been audited by Wang Chao and Liu Yi of PricewaterhouseCoopers ZhongTian LLP and an audit report with an unqualified audit opinion was issued on 22 August 2014. The following financial information has been extracted from the Company's audited semi-annual financial report, prepared in accordance with the PRC Accounting Standards for Business Enterprises ("**ASBE**"), for the six months ended 30 June 2014.

Balance sheets(audited)

(Expressed in thousands of Renminbiyuan)

ASSETS	**30 June 2014**	**31 December 2013**
Current assets		
Cash at bank and on hand	62,995	105,797
Notes receivable	2,155,563	2,558,598
Accounts receivable	116,249	140,540
Advances to suppliers	29,787	28,358
Other receivables	163,015	7,813
Inventories	1,332,117	1,320,644
Other current assets	108,845	158,465
Total current assets	3,968,571	4,320,215
Non-current assets		
Long-term equity investments	586,876	584,850
Fixed assets	3,846,744	3,963,871
Construction in progress	276,618	1,279,939
Intangible assets	160,979	271,143
Long-term prepaid expenses	-	135,503
Deferred tax assets	-	73,783
Total non-current assets	4,871,217	6,309,089
TOTAL ASSETS	**8,839,788**	**10,629,304**

Balance sheets *(continued)*
(Expressed in thousands of Renminbiyuan)

LIABILITIES AND SHAREHOLDERS' EQUITY	30 June 2014	31 December 2013
Current liabilities		
Short-term borrowings	1,865,000	1,602,907
Notes payable	300,000	400,000
Accounts payable	760,762	800,758
Advances from customers	262,944	310,086
Employee benefits payable	36,906	2,246
Taxes payable	8,804	11,570
Interest payable	2,777	2,793
Other payables	227,897	374,147
Total current liabilities	3,465,090	3,504,507
Non-current liabilities		
Deferred income	28,412	28,309
Total liabilities	3,493,502	3,532,816
Shareholders' equity		
Share capital	6,000,000	6,000,000
Capital surplus	1,146,794	1,146,794
Specific reserve	1,524	1,447
Surplus reserve	200,383	200,383
Accumulated loss	(2,002,415)	(252,136)
Total shareholders' equity	5,346,286	7,096,488
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**8,839,788**	**10,629,304**

Income statement for the six months period ended 30 June (audited)

(Expressed in thousands of Renminbiyuan)

	For the six months period ended 30 June	
	2014	**2013**
1. Revenue	7,924,423	8,717,991
Less:Cost of sales	(8,046,864)	(8,812,475)
Taxes and surcharges	(2,764)	(29)
Selling and distribution expenses	(120,321)	(109,521)
General and administrative expenses	(391,805)	(374,303)
Financial (loss)/income – net	(8,024)	1,943
Asset impairment loss	(1,024,524)	15
Investment (loss)/income	2,026	(2,959)
Including: Share of (loss)/profit of a joint venture	2,026	(2,959)
2.Operating loss	(1,667,853)	(579,338)
Add: Non-operating income	3,063	1,305
Less: Non-operating expenses	(11,706)	(17,528)
Including: Loss on disposal of non-current assets	(4,940)	(3,360)
3. Total loss	(1,676,496)	(595,561)
Less: Income tax expenses	(73,783)	104,116
4. Net loss	**(1,750,279)**	**(491,445)**
5. Loss: per share		
Basic loss per share (RMB Yuan)	(0.29)	(0.08)
Diluted loss per share (RMB Yuan)	(0.29)	(0.08)
6.Other comprehensive income	-	-
7.Total comprehensive expense	**(1,750,279)**	**(491,445)**

Cash flow statement for the six months period ended 30 June (audited)

(Expressed in thousands of Renminbiyuan)

	For the six months period ended 30 June	
	2014	**2013**
1. Cash flows from operating activities		
Cash received from sales of goods	8,296,580	8,490,195
Refund of taxes and surcharges	3,011	1,191
Sub-total of cash inflows	8,299,591	8,491,386
Cash paid for goods and services	(7,853,590)	(8,526,094)
Cash paid to and on behalf of employees	(475,103)	(458,092)
Payments of taxes and surcharges	(20,935)	(26,610)
Cash paid relating to other operating activities	(206,977)	(205,757)
Sub-total of cash outflows	(8,556,605)	(9,216,553)
Net cash flows from operating activities	**(257,014)**	**(725,167)**
2. Cash flows from investing activities		
Net cash received from disposal of fixed assets	1,202	1,074
Cash received relating to other investing activities	22,625	1,977
Sub-total of cash inflows	23,827	3,051
Cash paid to acquire fixed assets and intangible assets	(11,530)	(122,659)
Cash paid to acquire financial assets	-	(20,000)
Sub-total of cash outflows	(11,530)	(142,659)
Net cash flows from/(paid to) investing activities	**12,297**	**(139,608)**
3. Cash flows from financing activities		
Cash received from borrowings	3,295,411	1,357,724
Cash repayments of borrowings	(3,035,088)	(595,128)
Cash payments for interest expenses	(37,068)	(20,877)
Sub-total of cash outflows	(3,072,156)	(616,005)
Net cash flows from financing activities	**223,255**	**741,719**
4. Effect of foreign exchange rate changes on cash and cash equivalents	(1,340)	1,678
5. Net decrease in cash and cash equivalents	**(22,802)**	**(121,378)**
Add: Cash and cash equivalents at beginning of period	85,797	162,027
6. Cash and cash equivalents at end of period	**62,995**	**40,649**

Statement of changes in shareholders' equity *(audited)*

For the six months ended 30 June

(Expressed in thousands of Renminbiyuan)

Item	**Share capital**	**Capital surplus**	**Specific reserve**	**Surplus reserves**	**Undistributed profits**	**Total shareholders' equity**
Balance at 1 January 2013	4,000,000	3,146,794	80	200,383	1,202,081	8,549,338
Movements for the six months period ended 30 June 2013						
Net loss	-	-	-	-	(491,445)	(491,445)
Production safety fund						
– accrual	-	-	1,199	-	-	1,199
– utilisation	-	-	(84)	-	-	(84)
Balance at 30 June 2013	**4,000,000**	**3,146,794**	**1,195**	**200,383**	**710,636**	**8,059,008**
Movements for the six months period ended 31 December 2013						
Net loss	-	-	-	-	(962,772)	(962,772)
Capital surplus converted to share capital	2,000,000	(2,000,000)	-	-	-	-
Production safety fund						
– accrual	-	-	529	-	-	529
– utilisation	-	-	(277)	-	-	(277)
Balance at 31 December 2013	**6,000,000**	**1,146,794**	**1,447**	**200,383**	**(252,136)**	**7,096,488**
Balance at 1 January 2014	6,000,000	1,146,794	1,447	200,383	(252,136)	7,096,488
Movements for the six months period ended 30 June 2014						
Net loss	-	-	-	-	(1,750,279)	(1,750,279)
Production safety fund						
– accrual	-	-	432	-	-	432
– utilisation	-	-	(355)	-	-	(355)
Balance at 30 June 2014	**6,000,000**	**1,146,794**	**1,524**	**200,383**	**(2,002,415)**	**5,346,286**

7.3 Reconciliation statement of differences in the financial statements prepared under different GAAPs:

The difference between the financial statements prepared under the International Financial Reporting Standards (IFRS) and PRC accounting standards (PRC GAAP) on net loss and net assets are as follows:

	Net loss		Net assets	
	For the six months period ended 30 June 2014	For the six months period ended 30 June 2013	30 June 2014	31 December 2013
Amounts under PRC GAAP	(1,750,279)	(491,445)	5,346,286	7,096,488
Discrepancy and amount-				
Government grants (a)	1,416	1,415	(31,608)	(33,024)
Specific reserve(b)	77	1,115	-	-
Tax effects of the above adjustments	-	-	-	-
Amounts under IFRS	**(1,748,786)**	**(488,915)**	**5,314,678**	**7,063,464**

a Government grants

Under PRC GAAP, grants from government that are credited to capital reserve according to relevant regulation cannot be included in deferred income. Under IFRS, the government grants related to assets are recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the assets.

b Specific reserve

Under PRC GAAP, accrued production safety fund is recognised as expenses in profit or loss and separately recorded as a specific reserve in shareholders' equity according to the national regulation. As using production safety fund, if it is profit or loss related, the cost of expenditure is directly charged against the specific reserves. While if it is capital expenditure related, the cost of fixed asset is offset against the specific reserves and the same amount of accumulated depreciation is recognised, then the fixed asset is no longer depreciated in its useful life.

8. OTHER EVENTS

8.1 Compliance with the Corporate Governance Code
For the six months ended 30 June 2014, the Company has complied with all the code provisions of the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, except that:

Code provision A.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Due to reason of age, Mr. Xiao Wei-zhen tendered his resignation and ceased to hold the positions of the Vice Chairman and General Manager of the Company with immediate effect on 3 April 2014. Since the Company has not yet indentified the suitable candidate for the position of General Manger, the fourteenth meeting of the seventh session of the Board was held on 3 April 2014 for this reason, on which Mr. Lu Li-yong was appointed as the General Manager of the Company. The appointment of Mr. Lu Li-yong as General Manager of the Company takes effect from 3 April 2014

Code provision A.5.1 provides that listed issuers should establish a nomination committee. As at the end of reporting period, the Company has not set up a nomination committee. Nonetheless, the requirements for nomination of directors are set out in detail in the Articles of Association of the Company. Pursuant to the Articles of Association, the candidates for independent directors may be nominated by the Board, the Supervisory Committee, or shareholders holding individually or collectively more than one per cent of the issued shares of the Company. The candidates for the remaining directors shall be nominated by the Board, the Supervisory Committee, or shareholders holding individually or collectively more than three per cent of the issued shares of the Company. Directors of the Company shall be elected at general meeting of the Company for a term of office of not more than three years. Upon expiration of his term, each Director shall be entitled to be re-elected.

The Company held the 12th meeting of the Audit Committee of the Board on 22 August 2014. In the meeting, the Interim Financial Report of the Company during the report period was reviewed.

8.2 Compliance with the Mode Code
The Company has adopted the Model Code as contained in Appendix 10 to the Listing Rules. After having specifically inquired from all the Directors, Supervisors and Senior Management, the Company confirms that its Directors, Supervisors and Senior Management have fully complied with the standards as set out in the Model Code.

8.3 Purchase, sale or redemption of the Company's listed securities
During the reporting period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

8.4 A detailed interim results announcement of the Company containing all the information required by Paragraphs 46(1) to 46(6) inclusive of Appendix 16 to the Listing Rules will be published on the website of the HKSE at an appropriate time.

By order of the Board
Tom C. Y. Wu
Company Secretary

22 August 2014, Nanjing

As of the date of this announcement, the directors of the Company include Mr. Lu Li-yong, Ms. Sun Zhi-hong, Mr. Shen Xi-jun, Ms. Long Xing-ping, Mr. Zhang Hong, Mr. Guan Diao-sheng, Mr. Sun Yu-guo, Mr. Li Jian-ping, Mr. Shi Zhen-hua*, Mr. Qiao Xu*, Mr. Yang Xiong-sheng*, Mr. Chen Fang-zheng*.

** Independent Directors*