



COSLIGHT TECHNOLOGY INTERNATIONAL GROUP LIMITED

Incorporated in Bermuda with limited liability
Stock Code : 1043

Interim Report 2013



CORPORATE INFORMATION

DIRECTORS

Executive

Mr. SONG Dian Quan
Ms. LUO Ming Hua
Mr. LI Ke Xue
Mr. XING Kai
Mr. ZHANG Li Ming
Mr. LIU Xing Quan

Independent Non-executive

Mr. LI Zeng Lin
Dr. YIN Ge Ping
Mr. XIAO Jian Min

QUALIFIED ACCOUNTANT AND COMPANY SECRETARY

Mr. NG Kar Keung, CPA

LEGAL ADVISER

DLA Piper Hong Kong
17th Floor, Edinburgh Tower
The Landmark
15 Queen's Road
Central
Hong Kong

AUDITOR

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens,
33 Hysan Avenue,
Causeway Bay,
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 2501-2502, COSCO Tower
181-183 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Corporate Services Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2013

	Notes	Six months ended 30 June	
		2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Revenue	4	1,356,329	1,237,909
Cost of sales		(1,154,788)	(1,050,212)
Gross profit		201,541	187,697
Other income		14,561	19,719
Distribution and selling expenses		(73,123)	(71,671)
Administrative and other operating expenses		(109,332)	(116,673)
Finance costs	5	(55,294)	(40,790)
Share of results of associates		63,810	50,759
Profit before tax	6	42,163	29,041
Income tax expense	7	(5,259)	(4,852)
Profit for the period		36,904	24,189
Attributable to:			
Owners of the Company		33,866	22,929
Non-controlling interests		3,038	1,260
		36,904	24,189
Earnings per share			
– Basic and diluted	9	RMB9.05 cents	RMB6.13 cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Profit for the period	36,904	24,189
Other comprehensive income (expenses) for the period		
Items that may be subsequently reclassified to profit or loss:		
Exchange difference arising on translation	2,335	(35,722)
Reversal of deferred tax liability in respect of realisation on depreciation of property, plant and equipment	332	682
Other comprehensive income (expenses) for the period	2,667	(35,040)
Total comprehensive income (expenses) for the period	39,571	(10,851)
Total comprehensive income (expenses) attributable to:		
Owners of the Company	36,321	(11,586)
Non-controlling interests	3,250	735
	39,571	(10,851)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Notes	At 30 June 2013 RMB'000 (Unaudited)	At 31 December 2012 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	10	1,384,365	1,273,647
Other intangible assets		4,182	4,204
Goodwill		29,012	29,012
Interests in associates	11	345,065	309,316
Prepaid lease payments		138,452	140,083
Deposits paid for acquisition of land		28,500	28,500
Other receivables	12	–	7,314
Deferred tax assets		31,945	30,970
		1,961,521	1,823,046
Current assets			
Inventories		709,919	638,904
Trade and other receivables	12	2,116,975	2,094,288
Prepaid lease payments		3,177	3,177
Amounts due from directors	16	17	809
Amounts due from related companies	16	61,523	54,113
Amounts due from non-controlling interests	16	1,690	22,951
Amounts due from associates	16	63,617	67,548
Available-for-sale investments		–	1,500
Pledged bank deposits		264,550	284,747
Bank balances and cash		384,657	392,154
		3,606,125	3,560,191
Assets classified as held for sale		297,266	322,017
		3,903,391	3,882,208
Current liabilities			
Trade and other payables	13	1,860,271	1,718,013
Amounts due to related companies	16	54,414	61,188
Amounts due to non-controlling interests	16	3,747	3,747
Amounts due to directors	16	2,502	2,722
Amounts due to associates	16	659,510	600,381
Tax payables		13,162	18,088
Bank borrowings	14	1,579,550	1,563,382
		4,173,156	3,967,521

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2013

	Note	At 30 June 2013 RMB'000 (Unaudited)	At 31 December 2012 RMB'000 (Audited)
Liabilities associated with assets classified as held for sale		4,173,156	3,967,521
		24,482	21,476
		4,197,638	3,988,997
Net current liabilities		(294,247)	(106,789)
Total assets less current liabilities		1,667,274	1,716,257
Capital and reserves			
Share capital	15	40,010	40,010
Reserves		1,479,654	1,482,384
Equity attributable to owners of the Company		1,519,664	1,522,394
Non-controlling interests		70,254	115,058
Total equity		1,589,918	1,637,452
Non-current liabilities			
Deferred tax liabilities		19,943	20,275
Deferred government grants		57,413	58,530
		77,356	78,805
		1,667,274	1,716,257

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to owners of the Company							Non-controlling interests		
	Share capital	Special reserve	Statutory reserves	Revaluation reserve	Exchange reserve	Other reserve	Retained profits	Total	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2013 (Audited)	40,010	92,545	304,329	77,384	(105,998)	(18,362)	1,132,486	1,522,394	115,058	1,637,452
Profit for the period	-	-	-	-	-	-	33,866	33,866	3,038	36,904
Other comprehensive income for the period	-	-	-	332	2,123	-	-	2,455	212	2,667
Total comprehensive income for the period	-	-	-	332	2,123	-	33,866	36,321	3,250	39,571
Appropriation to statutory reserves	-	-	1,400	-	-	-	(1,400)	-	-	-
Acquisition of additional interest in subsidiary without change in control	-	-	-	-	-	(39,051)	-	(39,051)	(48,054)	(87,105)
Realised on depreciation of property, plant and equipment	-	-	-	(2,215)	-	-	2,215	-	-	-
At 30 June 2013 (Unaudited)	40,010	92,545	305,729	75,501	(103,875)	(57,413)	1,167,167	1,519,664	70,254	1,589,918
At 1 January 2012 (Audited)	40,010	92,545	285,219	66,748	(114,866)	(12,668)	1,163,902	1,520,890	168,540	1,689,430
Profit for the period	-	-	-	-	-	-	22,929	22,929	1,260	24,189
Other comprehensive income for the period	-	-	-	682	(35,197)	-	-	(34,515)	(525)	(35,040)
Total comprehensive income for the period	-	-	-	682	(35,197)	-	22,929	(11,586)	735	(10,851)
Appropriation to statutory reserves	-	-	1,114	-	-	-	(1,114)	-	-	-
Acquisition of additional interest in subsidiary without change in control	-	-	-	-	-	(6,547)	-	(6,547)	5,047	(1,500)
Realised on depreciation of property, plant and equipment	-	-	-	(4,545)	-	-	4,545	-	-	-
At 30 June 2012 (Unaudited)	40,010	92,545	286,333	62,885	(150,063)	(19,215)	1,190,262	1,502,757	174,322	1,677,079

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Net cash generated from (used in) operating activities	87,380	(125,665)
Net cash used in investing activities	(79,189)	(61,590)
Net cash (used in) generated from financing activities	(15,031)	184,485
Net decrease in cash and cash equivalents	(6,840)	(2,770)
Cash and cash equivalents at beginning of year	392,154	403,247
Effect of foreign exchange rate changes	(657)	42
Cash and cash equivalents at 30 June, represented by bank balances and cash	384,657	400,519

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

1. GENERAL INFORMATION

Coslight Technology International Group Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company’s registered office is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its head office and principal place of business in Hong Kong is located at Room 2501-2502, COSCO Tower, 181-183 Queen’s Road Central, Hong Kong.

The condensed consolidated financial statements are presented in Renminbi (“RMB”), which is the same as the functional currency of the Company. RMB is the currency of the primary economic environment in which the subsidiaries of the Company operate (functional currency of the subsidiaries).

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the investment holding and the manufacture and sales of battery products.

2. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2013 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

These condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2012.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain properties and available-for-sale financial assets, which are measured at revalued amounts or fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated interim financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012 except as described below.

In the current interim period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standard ("HKFRS") issued by the HKICPA.

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
Amendments to HKFRS 1	Government Loans
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK (International Financial Reporting Interpretation Committee) – Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine

3. PRINCIPAL ACCOUNTING POLICIES *(CONTINUED)*

Except as described below, the application of the above new or revised standards, amendments and interpretations in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods.

3. PRINCIPAL ACCOUNTING POLICIES *(CONTINUED)*

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 19.

Amendments to HKAS 34 Interim Financial Reporting (as part of the Annual Improvements to HKFRSs 2009-2011 Cycle)

The Group has applied the amendments to HKAS 34 Interim Financial Reporting as part of the Annual Improvements to HKFRSs 2009-2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

4. SEGMENT INFORMATION

For management purposes, the Group is currently organised into three major reporting divisions – sealed lead acid batteries and related accessories, lithium-ion batteries and nickel batteries.

Principal activities are as follows:

Sealed lead acid batteries and related accessories – manufacture and sale of sealed lead acid batteries and related accessories

Lithium-ion batteries – manufacture and sale of lithium-ion batteries

Nickel batteries – manufacture and sale of nickel batteries

Others – manufacture and sale of signal strength systems, electric and automation system, motor vehicle, pharmaceutical products and mining (none of which are of a sufficient size to be reported separately).

Inter-segment sales transactions are charged at prevailing market rates.



4. SEGMENT INFORMATION *(CONTINUED)*

(a) Segment revenue and results *(Continued)*

For the six months ended 30 June 2012 (Unaudited)

	Sealed lead acid batteries and related accessories RMB'000	Lithium-ion batteries RMB'000	Nickel batteries RMB'000	Others RMB'000	Elimination RMB'000	Consolidated RMB'000
Revenue						
External sales	687,504	379,248	74,704	96,453	-	1,237,909
Inter-segment sales	4,065	3,914	2,635	4,958	(15,572)	-
Total	691,569	383,162	77,339	101,411	(15,572)	1,237,909
Result						
Segment profit	(5)	24,207	2,533	(10,170)	-	16,565
Unallocated operating income and expenses						(865)
Interest income						3,372
Finance costs						(40,790)
Share of results of associates						50,759
Profit before tax						29,041

4. SEGMENT INFORMATION *(CONTINUED)*

(b) Segments assets and liabilities

The following tables present segment assets and liabilities of the Group's operating segments as at 30 June 2013 and 31 December 2012:

As at 30 June 2013 (Unaudited)

	Sealed lead acid batteries and related accessories RMB'000	Lithium-ion batteries RMB'000	Nickel batteries RMB'000	Others RMB'000	Consolidated RMB'000
ASSETS					
Segment assets	2,217,405	1,715,194	102,781	731,455	4,766,835
Interests in associates					345,065
Unallocated assets					753,012
Consolidated total assets					<u>5,864,912</u>
LIABILITIES					
Segment liabilities	1,173,426	1,059,933	78,181	215,763	2,527,303
Unallocated liabilities					1,747,691
Consolidated liabilities					<u>4,274,994</u>

4. SEGMENT INFORMATION *(CONTINUED)*

(b) Segments assets and liabilities *(Continued)*

As at 31 December 2012 (Audited)

	Sealed lead acid batteries and related accessories RMB'000	Lithium-ion batteries RMB'000	Nickel batteries RMB'000	Others RMB'000	Consolidated RMB'000
ASSETS					
Segment assets	2,256,802	1,533,156	104,488	729,817	4,624,263
Interests in associates					309,316
Unallocated assets					771,675
Consolidated total assets					5,705,254
LIABILITIES					
Segment liabilities	1,108,994	979,091	85,375	195,481	2,368,941
Unallocated liabilities					1,698,861
Consolidated liabilities					4,067,802

5. FINANCE COSTS

	Six months ended 30 June	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Interest on bank borrowings wholly repayable within five years	55,997	46,025
Less: interest expenses capitalised at a rate of 2.01% (2012: 2.70%) per annum	(703)	(5,235)
	55,294	40,790

6. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting) the following items:

	Six months ended 30 June	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Depreciation of property, plant and equipment	40,784	38,274
Amortisation of other intangible assets (included in administrative expenses)	22	60
Amortisation of prepaid lease payments (included in administrative expenses)	1,631	1,545
Impairment loss on trade receivables	-	1,623
Government subsidies granted	-	(7,679)
Dividend income from associates	(28,061)	(4,348)
Interest income	(2,293)	(3,372)
Imputed interest income on other receivables	(239)	-
Loss on written off of property, plant and equipment	2,583	219
Reversal of impairment loss recognised in respect of trade receivables	-	(2,035)
Deferred income in respect of government grants	(1,117)	(2,142)
Net exchange loss	1,162	7,416

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
The charge comprises:		
Current tax:		
PRC Enterprise Income Tax	6,234	2,513
Other jurisdictions	-	13
	6,234	2,526
Deferred tax	(975)	2,326
	5,259	4,852

8. INTERIM DIVIDEND

No dividends were paid, declared or proposed during the reporting periods. The directors do not recommend the payment of an interim dividend (six months ended 30 June 2012: nil).

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to owners of the Company for the period of approximately RMB33,866,000 (six months ended 30 June 2012: RMB22,929,000) and the weighted average number of ordinary shares of 374,180,000 (six months ended 30 June 2012: 374,180,000) in issue during the period.

Since there were no potential dilutive shares in issue during the six months ended 30 June 2013 and 2012, basic and diluted earnings per share are the same for both periods.

10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB150,517,000 (six months ended 30 June 2012: approximately RMB109,467,000) on additions to property, plant and equipment. Net carrying value of property, plant and equipment being written off during the period was amounted to RMB2,583,000 (six months ended 30 June 2012: approximately RMB219,000).

In the opinion of the directors, the aggregate carrying amount of the Group's buildings, plant and machinery, furniture, fixtures and equipment and motor vehicles as at 30 June 2013 that is carried at revalued amount does not differ significantly from their estimated fair value. Consequently, no revaluation surplus or deficit has been recognised in the current period.

11. INTERESTS IN ASSOCIATES

	At 30 June 2013 RMB'000 (Unaudited)	At 31 December 2012 RMB'000 (Audited)
Costs of investments in unlisted associates	18,180	18,180
Share of post-acquisition gain and other comprehensive expenses	326,885	291,136
	345,065	309,316

12. TRADE AND OTHER RECEIVABLES

	At 30 June 2013 RMB'000 (Unaudited)	At 31 December 2012 RMB'000 (Audited)
Analysed for reporting purpose:		
Current portion	2,116,975	2,094,288
Non-current portion	–	7,314
	2,116,975	2,101,602
	At 30 June 2013 RMB'000 (Unaudited)	At 31 December 2012 RMB'000 (Audited)
Trade and bills receivables	1,911,844	1,968,721
Less: impairment loss recognised	(138,645)	(138,645)
	1,773,199	1,830,076
Other receivables	343,776	271,526
	2,116,975	2,101,602

The non-current portion balance as at 31 December 2012 is non-interest bearing and repayment on or before 1 May 2014 and its effective interest rate is 6.65%. The balance has been transferred to current portion during the reporting period.

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group allows credit period ranging from 90 to 540 days (2012: 90 to 540 days) to its trade customers. The Group granted a longer credit period to individual customers base on financial strength of customers to maintain the loyal customers. The following is an ageing analysis of trade receivables net of impairment loss recognised on trade and bills receivables presented based on goods delivery date at the end of the reporting period.

	At 30 June 2013 RMB'000 (Unaudited)	At 31 December 2012 RMB'000 (Audited)
Within 90 days	723,746	871,868
More than 90 days, but not exceeding 180 days	292,594	323,702
More than 180 days, but not exceeding 270 days	286,633	312,329
More than 270 days, but not exceeding 360 days	147,015	124,472
More than 360 days, but not exceeding 540 days	260,210	155,950
More than 540 days, but not exceeding 720 days	63,001	41,755
Trade and bills receivables	1,773,199	1,830,076

13. TRADE AND OTHER PAYABLES

The following is an ageing analysis of trade and bills payables presented based on the goods received date at the end of the reporting period:

	At 30 June 2013 RMB'000 (Unaudited)	At 31 December 2012 RMB'000 (Audited)
Within 30 days	430,502	482,453
More than 30 days, but not exceeding 60 days	207,706	198,038
More than 60 days, but not exceeding 90 days	153,098	202,940
More than 90 days, but not exceeding 180 days	190,220	219,801
Over 180 days	206,649	123,701
Trade and bills payables	1,188,175	1,226,933
Other payables	672,096	491,080
	1,860,271	1,718,013

14. BANK BORROWINGS

During the period, the Group obtained new bank borrowings of approximately RMB950,636,000 (six months ended 30 June 2012: RMB653,300,000) and repaid bank borrowings of approximately RMB934,468,000 (six months ended 30 June 2012: RMB518,127,000).

Bank borrowings carrying interest at variable market rates ranging from 2.51% to 7.87% per annum (31 December 2012: 2.51% to 8.53% per annum) and have maturity periods ranging from one month to four years (31 December 2012: one month to five years).

Approximately RMB568,400,000 (31 December 2012: RMB503,400,000) of the Group's bank borrowings are secured by land use rights, property, plant and equipment and trade receivables. The proceeds were used to finance the operation of the Group.

15. SHARE CAPITAL

	Number of shares '000	Amount in original currency HK\$'000	Shown in the financial statements as RMB'000
Ordinary shares of HK\$0.10 each			
<i>Authorised:</i>			
At 30 June 2013 and 31 December 2012	1,000,000	100,000	107,000
<i>Issued and fully paid:</i>			
At 30 June 2013 and 31 December 2012	374,180	37,418	40,010

16. RELATED PARTY TRANSACTIONS AND BALANCES

During the period, the Group had certain transactions and balances with related parties. Certain directors of the Company have beneficial interests in these related parties. Details of transactions and balances with these related parties are as follows:

(a) Transactions

Transactions with related parties

Name of related parties	Nature of transactions	Six months ended 30 June	
		2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
哈爾濱光宇電纜電纜有限公司 Harbin Guangyu Electric Wire and Cable Company Limited ("HGEWC")*	Purchase of raw materials	663	-

* *Direct translation of name in Chinese for identification only and is not official name in English.*

16. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Balances

(1) Amounts due from directors

Name of director	At 30 June 2013 RMB'000 (Unaudited)	At 31 December 2012 RMB'000 (Audited)
Song Dian Quan	–	448
Li Ke Xue	–	191
Xing Kai	17	–
Liu Xing Quan	–	170
	17	809

The amounts are unsecured, interest-free and repayable on demand.

16. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Balances (Continued)

(2) Amounts due from related companies

Name of related companies	At 30 June 2013 RMB'000 (Unaudited)	At 31 December 2012 RMB'000 (Audited)
哈爾濱開關有限責任公司 Harbin Switch Company Limited	18,290	18,768
HGEWC	2,000	3,153
石家莊光宇高能電池材料有限公司 Shijia Zhuang Guangyu Battery Material Company Limited*	543	543
哈爾濱光宇開關廠	-	1,694
哈爾濱亞光新型隔板有限公司 Harbin Ya Guang Modern Separators Company Limited*	5,484	5,484
哈爾濱光宇電源廠	434	478
北京兆唐科技有限公司 Beijing Zhaotong Science and Technology Company Limited*	1,408	-
Global Universe Development Limited	24,426	16,885
光宇延邊蓄電池有限責任公司	5,052	5,052
Lexel Battery (Japan) Company Limited	3,886	2,056
	61,523	54,113

The amounts are unsecured, interest-free and repayable on demand.

* Direct translation of name in Chinese for identification only and is not official name in English.

16. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Balances (Continued)

(3) Amounts due from non-controlling interests

Name of non-controlling interests	At 30 June 2013 RMB'000 (Unaudited)	At 31 December 2012 RMB'000 (Audited)
陳勃龍	-	250
瀋陽東北蓄電池股份有限公司	-	19,573
瀋陽東北蓄電池股份有限公司 鄭州分公司	-	1,423
深圳柏仁塑膠製品有限公司 Shenzhen Boren Plastic Ware Company Limited*	-	279
哈爾濱格曼電氣自動化設備 有限責任公司 Harbin Geman Electric Automation Equipment Company Limited*	308	308
天津自行車三廠技術開發中心 Tianjin Bike Third Factory Technology Development Centre*	1,382	1,118
	1,690	22,951

The amounts are unsecured, interest-free and repayable on demand.

* Direct translation of name in Chinese for identification only and is not official name in English.

16. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Balances (Continued)

(4) Amounts due from/to associates, amounts due to related companies/ non-controlling interests/directors

The amounts are unsecured, interest-free and repayable on demand.

(c) Other arrangements

As at 30 June 2013, RMB165,764,000 (at 31 December 2012: RMB288,082,000) of the Group's bank borrowings were guaranteed by Mr. Song Dian Quan, a director of the Company.

(d) Compensation of key management personnel

The remunerations of directors and other members of key management are as follows:

	Six months ended 30 June	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Short-term benefits	741	661
Post-employment benefits	26	30
	767	691

The remunerations of directors and key management were determined by the remuneration committee having regard to the performance of individuals and market trends.

17. CAPITAL COMMITMENTS

	At 30 June 2013 RMB'000 (Unaudited)	At 31 December 2012 RMB'000 (Audited)
Capital expenditure authorised but not contracted for in respect of acquisition of property, plant and equipment and land use rights	601,000	601,000
Capital expenditure contracted for but not provided in the financial statements in respect of acquisition of property, plant and equipment and land use rights	133,730	141,447

18. CONTINGENT LIABILITIES

The Group has issued guarantees in respect of banking facilities granted to an independent third party of approximately RMB80,000,000 (31 December 2012: RMB178,928,000) without charge. The aggregate amounts that could be required to be paid if the guarantees were called upon in entirety amounted to approximately RMB80,000,000 (31 December 2012: RMB178,928,000), of which approximately RMB80,000,000 (31 December 2012: RMB178,928,000) has been utilised by the independent third parties.

19. FAIR VALUE MEASUREMENT

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair value.

REPORT OF THE BOARD

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the period ended 30 June 2013 (the “Period”), turnover for the Group’s ongoing operations amounted to approximately RMB1,356,329,000 (2012: RMB1,237,909,000), representing an increase of 10% over the same period last year. The profit attributable to owners of the Company for the Period amounted to approximately RMB33,866,000 (2012: RMB22,929,000). During the Period, earnings per share amounted to RMB9.05 cents (2012: RMB6.13 cents).

BUSINESS REVIEW

Sealed lead-acid (“SLA”) Products

During the Period, the revenue of SLA battery products was about RMB470,161,000 (2012: RMB687,504,000), representing a decrease of 32% when compared to the corresponding period of last year. Gross margin of batteries for telecommunication base stations was put under pressure due to keen competition among peers in the industry and the rise in costs. We have strategically tied up stronger partnerships with domestic and international carriers in relation to the provision of a wide range of system solutions for lithium ferrite batteries, which replace traditional lead-acid battery products. Similarly, sales volume and revenue of automotive starter batteries fell by 4% and 8% respectively compared to the corresponding period due to fierce competition in the market. During the Period, sales volume of automotive starter batteries reached approximately 480,000 KVAH.

Lithium-ion Batteries

In Zhuhai, the manufacturing of Lithium polymer batteries continued to grow rapidly for the Period. During the Period, sales volume of lithium polymer batteries was approximately 24,260,000 pieces (2012: 11,920,000 pieces), representing a surge of 104% over the corresponding period of last year. The major customers were famous enterprises such as Lenovo, Coolpad, Huawei and ZTE. The Group is expanding the production facilities for lithium polymer batteries so as to meet the robust demand from the market. Sales amount of lithium polymer batteries for the Period was approximately RMB520,343,000 (2012: RMB233,582,000), rising by 123% compared to last period.

Lithium Ferrite Batteries

The Group is enhancing closer business relationship with a number of famous domestic and foreign telecommunication carriers with a vision to offer a wide variety of system solutions for lithium ferrite batteries. In respect of the applications of lithium ferrite batteries in telecommunications base stations, the Group is exploring into overseas markets in India, Egypt, Turkey, Greece and Albania. In India, the Group has secured orders with a sum of US\$70 million, which is expected to be completed for delivery during the year. In relation to lithium ferrite batteries, the Group keeps corporating with domestic and foreign automobile manufacturers to provide a variety of system solutions for batteries that can be applied in electric vehicles. Total sales of electric vehicles batteries for the Period was 559 sets, including batteries for pure electric passenger vehicles, hybrid electric vehicles and pure electric vehicles. Total sales volume of electric bicycle batteries and electric motorcycle batteries were 6,405 sets.

In respect of the sales, marketing and production of new energy-power vehicle in Hangzhou, the annual production capacity is up to 2,000 units of electric vehicles. The site area of the project covers 100,000 square metres, within which 80,000 square metres plant area has been constructed. The plant is expected to be put into production during the year.

Online Games

“問道” continued to release updated versions and attracted an increasing number of online users. In addition, we released two brand new products, namely “靈魂戰神” – the world’s first-ever online games in undefined tactic and action categories and “蜀山劍俠傳” – fighting online game in the latest 3D horizontal version. “靈魂戰神” is an innovative action game that is exclusively distributed by Coslight and developed by a Korean company. Online game business generated profit contribution of RMB63,810,000 (2012: RMB50,759,000) for the Group, representing an increase of approximately 26% over the corresponding period last year.

FINANCIAL REVIEW

Assets and liabilities

As at 30 June 2013, the Group had total assets of RMB5,864,912,000 (31.12.2012: RMB5,705,254,000) which were financed by current liabilities of RMB4,197,638,000 (31.12.2012: RMB3,988,997,000), non-current liabilities of RMB77,356,000 (31.12.2012: RMB78,805,000), equity attributable to owners of the Company of RMB1,519,664,000 (31.12.2012: RMB1,522,394,000) and non-controlling interests of RMB70,254,000 (31.12.2012: RMB115,058,000).

Liquidity, financial resources and capital structure

During the Period, the Group adopted prudent treasury policies in managing cash resources and bank borrowings. As at 30 June 2013, the Group had bank and cash balances amounted to RMB384,657,000 (31.12.2012: RMB392,154,000). The total bank and other borrowings of the Group as at 30 June 2013 were approximately RMB1,579,550,000 (31.12.2012: RMB1,563,382,000). These borrowings carry interest ranging from 2.51% to 7.87% (31.12.2012: from 2.51% to 8.53%) per annum. All bank and other borrowings were used to finance the Group's capital expenditures and working capital requirements.

Gearing and liquidity ratio

The Group's gearing ratio, defined as the ratio between total bank and other borrowings and total equity, was 0.99 (31.12.2012: 0.95). The current ratio of the Group, represented by a ratio between current assets over current liabilities, was 0.93 (31.12.2012: 0.97).

Charges on group assets

As at 30 June 2013, certain prepaid lease payments and property, plant and equipment, and trade receivables of the Group with carrying value of RMB239,768,000 (31.12.2012: RMB244,509,000), and RMB91,729,000 (31.12.2012: RMB91,729,000) respectively, were pledged to secure bank borrowings of approximately RMB568,400,000 (31.12.2012: RMB503,400,000). In addition, pledged bank deposits were used to secure trade and loan financing facilities granted to the Group.

Foreign currency risk

The Group did not have any significant exposure to foreign currency risk as most of the Group's operations are in the PRC and transactions are denominated in Renminbi.

PROSPECTS

Battery Products

We have begun to promote the advantages of the application of lithium ferrite batteries in telecommunications base stations in China and abroad on a large scale. It is expected that lithium ferrite batteries will enter into a rapid growth period in 2013. Total sales amount is expected to reach more than RMB500 million, representing a significant increase against the figure of last year.

The production capacity of lithium polymer batteries in Zhuhai plant will be expanded from the current level of 6 million pieces per month to 10 million pieces per month at the end of this year and further to over 20 million pieces per month in 2014. Lithium-polymer batteries will continue to grow throughout the year, with an expected increase in sales amount of over 70% to RMB1 billion.

Coslight's games

In 2013, we are commencing a cross-platform strategy. In the aspect of R&D and operations, it covers multi-platform services ranging from user-end games, web games to cell phone games. Coslight now owns three self-developed cell phone game projects and an in-house team of cell phone games. In respect of cell phone game projects, Coslight will roll out about 6 or 7 products into the market in the near term, of which, “神之戰” and “航海Q時代” have been released at Chinajoy this year.

It is expected that these new games will generate revenue for the Company and continue to reap promising returns for shareholders of the Group.

OTHER INFORMATION

Employees and remuneration policies

As of 30 June 2013, the Group hired a total of 9,719 (2012: 9,452) employees in the PRC. The Group has adopted continuous human resources development and training programs to maintain high level of product quality and customer services. Remuneration package is generally structured by reference to market conditions and individual performance.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Period, there was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the Period.

CODE ON CORPORATE GOVERNANCE PRACTICES

In November 2004, The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) introduced the Code on Corporate Governance Practices (the “Code”) to replace the Code of Best Practice in Appendix 14 of the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and a new Appendix 23 stipulating the rules on the Corporate Governance Report. The Code which provides the code provisions and recommended best practices for corporate governance became effective on 1 January 2005. The Company has complied throughout the period ended 30 June 2013 with the Code as set out in Appendix 14 of the Listing Rules, except for the deviation from Code provision A.4.1 in respect of the service term of directors.

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election. None of the existing independent non-executive directors of the Company is appointed for specific term and this constitutes a deviation from Code provision A.4.1. However, in accordance with the bye-laws of the Company, at each annual general meeting one-third of the directors for the time being (or, if their number is not a multiply of three, the number nearest to but not less than one-third) shall retire from office by rotation such that each director (including those appointed for a specific term) will be subject to retirement by rotation at least every three years at the annual general meeting. As such, the Company considers that sufficient measures have been taken to ensure the Company's corporate governance practices are similar to those in the Code.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all directors, the Company was not aware of any non-compliance with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions.

DISCLOSURE OF INTERESTS

(1) Directors

As at 30 June 2013, the interests of each Director in the shares, underlying shares and debentures of the Company (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”) which have been notified to the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director was taken or deemed to have under such provisions of the SFO) or as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Long Position

Ordinary shares of HK\$0.10 each of the Company

Name of Director	Type of interests	Capacity	No. of shares held	Percentage of interest
SONG Dian Quan	Personal	Beneficial owner	260,323,300	69.57%
LUO Ming Hua	Personal	Beneficial owner	3,186,027	0.85%
LI Ke Xue	Personal	Beneficial owner	668,793	0.18%
XING Kai	Personal	Beneficial owner	526,793	0.14%
LIU Xing Quan	Personal	Beneficial owner	20,793	0.01%

Save as disclosed above, as at 30 June 2013, there were no other interests or short positions of the Directors and chief executive of the Company in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which have been notified to the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director was taken or deemed to have under such provisions of the SFO) or recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

(2) Substantial Shareholders and Others

As at 30 June 2013, there were no other interest and short positions of every person, other than the Directors and chief executive of the Company, in the shares and underlying shares of the Company which have been notified to the Company pursuant to 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.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three independent non-executive directors, namely Mr. Li Zeng Lin, Dr. Yin Ge Ping and Mr. Xiao Jian Min with Mr. Li Zeng Lin as the chairman. The primary duties of the Audit Committee are to review and monitor the Group's financial reporting process and internal control system, as well as to provide relevant recommendations and advices to the Board. The unaudited interim results of the Group for the six months ended 30 June 2013 have been reviewed by the Audit Committee.

BOARD OF DIRECTORS

As at the date of this report, the Executive Directors of the Company are Mr. Song Dian Quan, Ms. Luo Ming Hua, Mr. Li Ke Xue, Mr. Xing Kai, Mr. Zhang Li Ming, Mr. Liu Xing Quan; and the Independent Non-Executive Directors are Mr. Li Zeng Lin, Dr. Yin Ge Ping and Mr. Xiao Jian Min.

By Order of the Board

SONG Dian Quan

Chairman

Harbin, the PRC, 30 August 2013

