



Xingye Copper International Group Limited

興業銅業國際集團有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 00505



2013

INTERIM REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. HU Changyuan (*Chairman*)
Mr. CHEN Jianhua
(*Deputy Chairman and Chief Executive Officer*)
Mr. WANG Jianli
Mr. MA Wanjun

Independent Non-Executive Directors

Mr. CUI Ming
Mr. XIE Shuisheng
Mr. CHAI Chaoming
Ms. LI Li

Audit Committee

Ms. LI Li (*Chairman*)
Mr. CUI Ming
Mr. XIE Shuisheng
Mr. CHAI Chaoming

Remuneration Committee

Mr. CUI Ming (*Chairman*)
Ms. LI Li
Mr. WANG Jianli

Nomination Committee

Mr. XIE Shuisheng (*Chairman*)
Mr. CUI Ming
Mr. CHAI Chaoming
Mr. MA Wanjun

COMPANY SECRETARY

Mr. CHAN Chung Kik, Lewis

AUTHORISED REPRESENTATIVES

Mr. WANG Jianli
Mr. CHAN Chung Kik, Lewis

PRINCIPAL LEGAL ADVISORS

Hong Kong

Woo Kwan Lee & Lo

Cayman Islands

Conyers Dill & Pearman, Cayman

AUDITORS

SHINEWING (HK) CPA Limited

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS

Hong Kong

Flat 11, 11/F., Hung Tai Industrial Building
37-39 Hung To Road, Kwun Tong
Kowloon, Hong Kong

PRC

No.1 Linfang Road
Bailiangqiao, Zonghan
Cixi City
Zhejiang Province
315301, PRC

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
Grand Cayman KY1-1107
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China
China Construction Bank

COMPANY WEBSITE

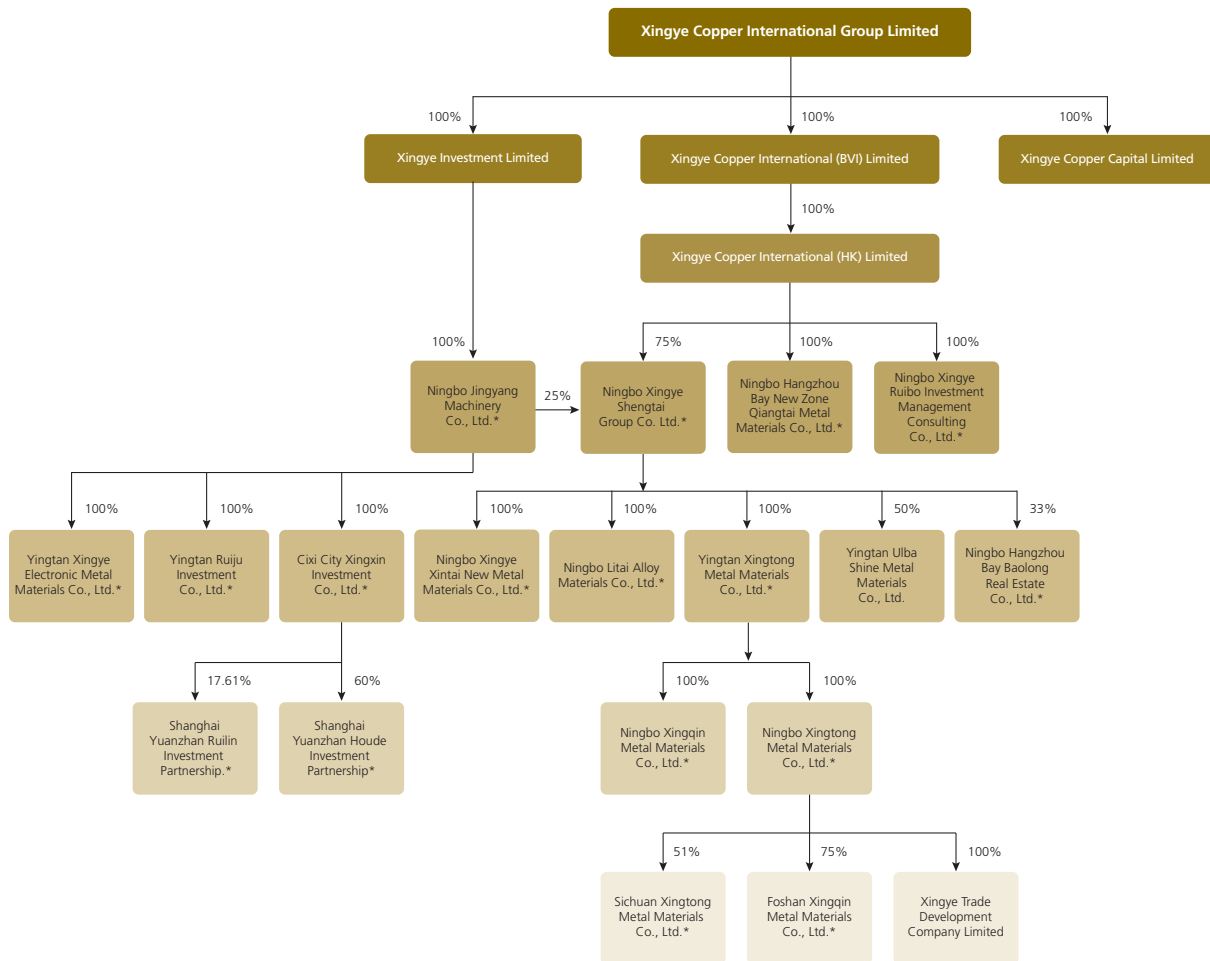
www.xingyecopper.com

STOCK CODE

505



Corporate Structure



* For Identification purpose only

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 and restated)
Revenue	3	1,624,238	1,613,021
Cost of sales		(1,577,097)	(1,541,047)
Gross profit		47,141	71,974
Other income		25,499	18,136
Other gains and losses, net		26,295	7,807
Distribution expenses		(11,054)	(9,374)
Administrative expenses		(36,020)	(33,987)
Share of profits of associates		321	2,713
Share of losses of a jointly controlled entity		(523)	(574)
Finance costs	4	(20,473)	(25,061)
Profit before tax		31,186	31,634
Income tax expense	5	(8,023)	(11,049)
Profit for the period	6	23,163	20,585
Profit for the period attributable to:			
Equity shareholders of the Company		23,148	20,226
Non-controlling interests		15	359
		23,163	20,585
Earnings per share			
– Basic and diluted (<i>RMB cents</i>)	8	3.31	2.89



Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Profit for the period	23,163	20,585
Other comprehensive income for the period:		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	25	(405)
Total comprehensive income for the period	23,188	20,180
Total comprehensive income for the period attributable to:		
Equity shareholders of the Company	23,173	19,821
Non-controlling interests	15	359
	23,188	20,180

There is no tax effect relating to the component in other comprehensive income.

The notes on pages 10 to 27 form part of these unaudited interim financial statements.

Condensed Consolidated Statement of Financial Position

As at 30 June 2013

		At 30 June 2013 <i>RMB'000</i> (Unaudited)	At 31 December 2012 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	9	673,803	608,414
Lease prepayments		35,426	35,852
Interests in associates	10	6,600	21,083
Interest in a jointly-controlled entity		11,509	12,032
Available-for-sale investments		37,870	37,870
Loan receivables	13	14,745	–
Deposit for acquisition of property, plant and equipment		41,386	34,998
		821,339	750,249
Current assets			
Inventories	11	445,074	467,244
Trade and other receivables	12	594,786	446,196
Loan receivables	13	42,600	28,274
Derivatives financial instruments		10,946	3,734
Pledged deposits	14	183,007	117,854
Cash and cash equivalents		110,545	87,603
		1,386,958	1,150,905
Current liabilities			
Trade and other payables	15	490,922	390,497
Interest-bearing borrowings	16	970,022	765,655
Income tax payables		7,623	15,262
		1,468,567	1,171,414
Net current liabilities		(81,609)	(20,509)
Total assets less current liabilities		739,730	729,740
Non-current liabilities			
Interest-bearing borrowings	16	13,420	1,420
Deferred income		9,678	9,986
Deferred tax liabilities		21,504	19,889
		44,602	31,295
Net assets		695,128	698,445



Condensed Consolidated Statement of Financial Position

As at 30 June 2013

		At 30 June 2013	At 31 December 2012
		RMB'000	RMB'000
	<i>Notes</i>	(Unaudited)	(Audited)
Capital and reserves			
Share capital	17	64,881	64,881
Reserves		611,829	615,161
Equity attributable to owners of the Company		676,710	680,042
Non-controlling interests		18,418	18,403
Total equity		695,128	698,445

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

Note	Attributable to owners of the Company							Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	PRC statutory reserve RMB'000	Translation reserve RMB'000	Share-based compensation reserve RMB'000	Retained earnings RMB'000			
At 1 January 2012 (audited)	64,881	227,978	259,726	47,847	(12,794)	–	91,377	679,015	3,440	682,455
Changes in equity for the six months ended 30 June 2012:										
Profit for the period	–	–	–	–	–	–	20,226	20,226	359	20,585
Other comprehensive income	–	–	–	–	(405)	–	–	(405)	–	(405)
Total comprehensive income for the period	–	–	–	–	(405)	–	20,226	19,821	359	20,180
Dividend approved in respect of the previous reporting period	7	–	–	–	–	–	(34,109)	(34,109)	–	(34,109)
Equity-settled share-based payments	–	–	–	–	–	1,583	–	1,583	–	1,583
Share options lapsed	–	–	–	–	–	(23)	23	–	–	–
Capital contribution from non-controlling interest	–	–	–	–	–	–	–	–	8,160	8,160
At 30 June 2012 (unaudited)	64,881	227,978	259,726	47,847	(13,199)	1,560	77,517	666,310	11,959	678,269
Note	Attributable to owners of the Company							Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	PRC statutory reserve RMB'000	Translation reserve RMB'000	Share-based compensation reserve RMB'000	Retained earnings RMB'000			
At 1 January 2013 (audited)	64,881	227,978	259,726	60,452	(14,178)	4,154	77,029	680,042	18,403	698,445
Changes in equity for the six months ended 30 June 2013:										
Profit for the period	–	–	–	–	–	–	23,148	23,148	15	23,163
Other comprehensive income	–	–	–	–	25	–	–	25	–	25
Total comprehensive income for the period	–	–	–	–	25	–	23,148	23,173	15	23,188
Dividend approved in respect of the previous reporting period	7	–	–	–	–	–	(27,840)	(27,840)	–	(27,840)
Equity-settled share-based payments	–	–	–	–	–	1,335	–	1,335	–	1,335
At 30 June 2013 (unaudited)	64,881	227,978	259,726	60,452	(14,153)	5,489	72,337	676,710	18,418	695,128



Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(197,051)	(87,454)
Net cash used in investing activities	(165,541)	(107,352)
Net cash generated from financing activities	385,509	90,638
Net increase (decrease) in cash and cash equivalents	22,917	(104,168)
Cash and cash equivalents at 1 January	87,603	240,345
Effect of foreign exchange rate changes	25	(405)
Cash and cash equivalents at 30 June, represented by bank balances and cash	110,545	135,772

The notes on pages 10 to 27 form part of these unaudited interim financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

1. BASIS OF PREPARATION

Xingye Copper International Group Limited (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability on 19 July 2007 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The interim financial report of the Company for the six months ended 30 June 2013 comprises the financial information of the Company and its subsidiaries (together referred to as the "Group").

The interim financial report has been prepared in accordance with the International Accounting Standard ("IAS") 34 "Interim Financial Reporting", adopted by the International Accounting Standards Board ("IASB") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

As at 30 June 2013, the Group had net current liabilities of approximately RMB81,609,000.

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group for the twelve months from the end of the reporting period in light of the Group's substantial capital commitment.

The Group has unutilised banking facilities of RMB668 million as at 30 June 2013 that will not be expired within 12 months from 30 June 2013. Taking into the Group's financial position, results of operations and credit history, the directors of the Company considered it is unlikely that the banks will terminate the facilities granted to the Group prior to their expiry and the directors of the Company did not foresee any difficulties for the Group to renew the facilities. Taking into account such, in the opinion of the directors of the Company, the Group will have sufficient working capital for the twelve months after the end of the reporting period and thus it is appropriate to prepare the condensed consolidated financial statements on the going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated 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.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

In the current interim period, the Group has applied, for the first time, the following new or revised International Financial Reporting Standards ("IFRS") and interpretations (hereinafter collectively referred to as "new or revised IFRSs") issued by the IASB that are relevant for the preparation of the Group's condensed consolidated financial statements:

IFRS 1 (Amendments)	First-time Adoption of IFRSs – Government Loans
IFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 10, IFRS 11 and IFRS 12 (Amendments)	Consolidated Financial Statement, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance
IFRS 13	Fair Value Measurement
IAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
IAS 19 (as revised in 2011)	Employee Benefits
IAS 27 (as revised in 2011)	Separate Financial Statements
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements 2009-2011 Cycle	Amendments to a number of IFRSs

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 Presentation of Items of Other Comprehensive Income introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 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 IAS 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 IAS 1 require items of other comprehensive income to be 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 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. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

IFRS 13 Fair Value Measurement

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

The scope of IFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. IFRS 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 IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 20.

Amendments to IAS 34 Interim Financial Reporting

The Group has applied the amendments to IAS 34 Interim Financial Reporting as part of the Annual Improvements to IFRSs 2009-2011 Cycle for the first time in the current interim period. The amendments to IAS 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 (CODM) and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

Other than the above, the application of other new or revised IFRSs 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.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

3. TURNOVER AND SEGMENT REPORTING

Segment results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

Six months ended 30 June 2013 (unaudited):

	Sales of copper products <i>RMB'000</i>	Trading of raw materials <i>RMB'000</i>	Processing services <i>RMB'000</i>	Investment <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total <i>RMB'000</i>
SEGMENT TURNOVER	1,909,649	696,881	60,686	25,799	(1,042,978)	1,650,037
SEGMENT REVENUE AND OTHER INCOME						
External sales	1,193,612	370,451	60,175	-	-	1,624,238
Intra-segment sales	716,037	326,430	511	-	(1,042,978)	-
Segment revenue	1,909,649	696,881	60,686	-	(1,042,978)	1,624,238
Other income and gains	-	-	-	6,359	-	6,359
Total segment revenue and other income	1,909,649	696,881	60,686	6,359	(1,042,978)	1,630,597
Segment profit	21,200	4,935	21,006	6,680		53,821
Unallocated income and gains						45,435
Unallocated expense						(47,074)
Finance costs						(20,473)
Share of loss of a jointly-controlled entity						(523)
Profit before tax						31,186

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

3. TURNOVER AND SEGMENT REPORTING (CONTINUED)

Segment results (continued)

Six months ended 30 June 2012 (unaudited):

	Sales of copper products <i>RMB'000</i>	Trading of raw materials <i>RMB'000</i>	Processing services <i>RMB'000</i>	Investment <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total <i>RMB'000</i>
SEGMENT TURNOVER	2,035,287	1,498,419	71,289	14,571	(1,991,974)	1,627,592
SEGMENT REVENUE AND OTHER INCOME						
External sales	1,192,545	362,388	58,088	–	–	1,613,021
Intra-segment sales	842,742	1,136,031	13,201	–	(1,991,974)	–
Segment revenue	2,035,287	1,498,419	71,289	–	(1,991,974)	1,613,021
Other income and gains	–	–	–	2,161	–	2,161
Total segment revenue and other income	2,035,287	1,498,419	71,289	2,161	(1,991,974)	1,615,182
Segment profit	57,060	1,048	13,866	4,874		76,848
Unallocated income and gains						23,782
Unallocated expense						(43,361)
Finance costs						(25,061)
Share of loss of a jointly-controlled entity						(574)
Profit before tax						31,634



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

3. TURNOVER AND SEGMENT REPORTING (CONTINUED)

Segment asset and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	At 30 June 2013 <i>RMB'000</i> (Unaudited)	At 31 December 2012 <i>RMB'000</i> (Audited)
Segment assets		
Investments	95,215	87,227
Jointly shared by sales of copper products, trading of raw materials and provision of processing services	2,113,082	1,813,927
Consolidated assets	2,208,297	1,901,154
Segment liabilities		
Jointly shared by sales of copper products, trading of raw materials and provision of processing services and consolidated liabilities	1,513,169	1,202,709

4. FINANCE COSTS

	Six months ended 30 June 2013 <i>RMB'000</i> (Unaudited)	2012 <i>RMB'000</i> (Unaudited)
Interest on bank borrowings wholly repayable within five years	23,059	25,981
Less: Interest capitalised	(2,586)	(920)
	20,473	25,061

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

5. INCOME TAX EXPENSE

Income tax expense in the condensed consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax expense		
Provision for PRC Corporate Income Tax	6,408	3,229
Deferred tax	1,615	7,820
	8,023	11,049

- (a) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and British Virgin Islands.
- (b) No provision for Hong Kong Profits Tax has been made as the Group did not have assessable profits subject to Hong Kong Profits Tax for the six months ended 30 June 2013 and 2012.
- (c) The provision for PRC corporate income tax is based on the respective corporate income tax rates applicable to the subsidiaries located in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC.
- (d) On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China ("the New Tax Law"). Pursuant to the New Tax Law, 5% withholding tax is levied on the foreign investor in respect of dividend distributions arising from the profits of a foreign investment enterprise in the PRC earned after 1 January 2008. Deferred tax liabilities have been recognised for undistributed retained earnings of the Group's PRC subsidiaries to the extent that the earnings would be distributed in the foreseeable future.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

6. PROFIT FOR THE PERIOD

Profit for the period is arrived at after charging (crediting):

	Six months ended 30 June	
	2013 <i>RMB'000</i> (Unaudited)	2012 <i>RMB'000</i> (Unaudited)
Cost of inventories recognised as an expenses	1,577,097	1,541,047
Staff costs	34,118	25,997
Depreciation of property, plant and equipment	25,279	23,131
Amortisation of lease prepayments	426	272
Total depreciation and amortisation	25,705	23,403
Government grants	(19,294)	(16,155)
Bank interest income	(3,527)	(1,120)
Interest income from loan receivables	(1,663)	–
Interest income from non-controlling interests	(297)	–
Share-based payment expenses	1,335	1,583
Loss (gain) on disposal of property, plant and equipment	1,533	(216)
Gain on disposal of lease prepayments	–	(4,483)
Gain on disposal of an associate	(4,395)	–
Net realised and unrealised gains on trading securities	–	(1,845)
Net realised gains on derivative financial instruments	(11,102)	(2,313)
Net unrealised gains on derivative financial instruments	(10,946)	(3,734)
Net exchange (gains) losses	(1,385)	2,084
Impairment loss in respect of property, plant and equipment	–	2,700

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

7. DIVIDENDS

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Dividends recognised as distribution and paid during the period:		
2012 Final – HK5 cents (six months ended 30 June 2012:		
2011 Final – HK6 cents) per share	27,840	34,109

The directors of the Company have determined that no dividend will be paid in respect of the interim period.

8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the six months ended 30 June 2013 is based on the profit attributable to the equity shareholders of the Company of RMB23,148,000 (six months ended 30 June 2012: RMB20,226,000) and the weighted average number of 699,501,950 (six months ended 30 June 2012: 699,501,950) ordinary shares in issue during the period.

	Six months ended 30 June	
	2013	2012
Number of shares ('000)	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	699,502	699,502

The computation of diluted earnings per share for the six months ended 30 June 2013 and 2012 does not assume the exercise of the Group's outstanding share options as the exercise price of those options is higher than the average market price of the Company's shares.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2013, additions to property, plant and equipment amounted to RMB92,358,000 (six months ended 30 June 2012: RMB58,719,000) in aggregate. Items of property, plant and equipment with a net book value of RMB1,690,000 (six months ended 30 June 2012: RMB1,297,000) were written off/disposed of during the six months ended 30 June 2013 and resulted in a loss on disposal of RMB1,533,000 (six months ended 30 June 2012: gain of RMB216,000). No impairment loss (six months ended 30 June 2012: RMB2,700,000) was recognised during the six months ended 30 June 2013.

10. INTERESTS IN ASSOCIATES

During the six months ended 30 June 2013, the Group's investment in an associate, Ningbo Kairui Investment Partnership was disposed of to an independent third party for a cash consideration of RMB20,600,000. Together with a guaranteed return of RMB5,199,000, a gain on disposal of an associate of RMB4,395,000 was recognised and included in other gains and losses, net on the condensed consolidated statement of profit or loss.

During the six months ended 30 June 2013, the Group made capital injection of RMB6,600,000 (six months ended 30 June 2012: nil) to an associate newly established in the PRC.

11. INVENTORIES

	At 30 June 2013 RMB'000 (Unaudited)	At 31 December 2012 RMB'000 (Audited)
Raw materials	56,990	39,990
Work in progress	285,867	296,670
Finished goods	101,689	130,083
Others	528	501
	445,074	467,244

As at 30 June 2013, inventories amounted to RMB340,000,000 (31 December 2012: RMB303,432,000) were pledged for short-term bank loans.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

12. TRADE AND OTHER RECEIVABLES

	At 30 June 2013 RMB'000 (Unaudited)	At 31 December 2012 RMB'000 (Audited)
Trade and bills receivables	412,863	300,283
Trade receivable from a jointly-controlled entity	10,297	7,966
Sub-total	423,160	308,249
Other receivables	60,333	68,591
Prepayments	110,523	68,586
Current portion of lease prepayment	770	770
	594,786	446,196

Credit terms granted to customers ranged from 0 to 90 days depending on the customers' relationship with the Group, its creditworthiness and settlement record.

An ageing analysis of trade and bills receivables of the Group, based on invoice date, which approximate the revenue recognition date, is as follows:

	At 30 June 2013 RMB'000 (Unaudited)	At 31 December 2012 RMB'000 (Audited)
Within 3 months	377,654	281,163
Over 3 months but less than 6 months	36,205	16,652
Over 6 months but less than 1 year	6,422	3,711
Over 1 year	2,879	6,723
	423,160	308,249

13. LOAN RECEIVABLES

The loan receivables are unsecured, bear interest at 12% to 14.4% per annum. Except for loan receivable of approximately RMB14,745,000 (31 December 2012: nil) as at 30 June 2013 which is repayable in December 2014, the remaining balances are repayable within 12 months from the end of the reporting period.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

14. PLEDGED DEPOSITS

Pledged deposits represented guarantee deposits for issuance of commercial bills and short-term banking facilities.

15. TRADE AND OTHER PAYABLES

	At 30 June 2013 RMB'000 (Unaudited)	At 31 December 2012 RMB'000 (Audited)
Trade and bills payables	399,453	315,736
Trade payable due to a jointly-controlled entity	6	438
Sub-total	399,459	316,174
Other payables and accruals*	91,463	74,323
	490,922	390,497

An ageing analysis of trade and bills payables of the Group, based on invoice date, is as follows:

	At 30 June 2013 RMB'000 (Unaudited)	At 31 December 2012 RMB'000 (Audited)
Within 3 months	362,841	255,465
Over 3 months but less than 6 months	30,697	55,463
Over 6 months but less than 1 year	2,650	3,392
Over 1 year	3,271	1,854
	399,459	316,174

* Included in other payables are advances of RMB9,450,000 (2012: RMB8,643,000) received from independent third parties, Yingtan local government authorities and a non-controlling interest. These advances are unsecured, interest-free and repayable on demand.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

16. INTEREST-BEARING BORROWINGS

	At 30 June 2013 <i>RMB'000</i> (Unaudited)	At 31 December 2012 <i>RMB'000</i> (Audited)
Secured bank loans	549,680	503,778
Discounted bills	323,789	177,996
Unsecured bank loans	109,973	85,301
	983,442	767,075
Carrying amount payable:		
Within one year	970,022	765,655
More than one year, but not exceeding two years	13,420	1,420
	983,442	767,075
Less: Amounts due within one year shown under current liabilities	(970,022)	(765,655)
Amounts shown under non-current liabilities	13,420	1,420

During the current interim period, the Group raised new borrowings and repaid borrowings of RMB931 million (30 June 2012: RMB741 million) and RMB715 million (30 June 2012: RMB628 million) respectively.

17. SHARE CAPITAL

	Number of ordinary shares '000	Nominal value Amount <i>HK\$'000</i>	Equivalent <i>RMB'000</i>
Authorised:			
Ordinary shares of HK\$0.10 each	5,000,000	500,000	468,100
Issued and fully paid:			
At 1 January 2012, 31 December 2012, 1 January 2013 (audited) and 30 June 2013 (unaudited)	699,502	69,950	64,881



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

18. EQUITY-SETTLED SHARE-BASED PAYMENTS

Share Option Scheme

The Company has adopted a share option scheme (“the Share Option Scheme”) pursuant to the shareholders’ written resolution passed on 1 December 2007.

The maximum number of shares that may be granted under the Share Option Scheme and other share option schemes shall not exceed 30% of the number of issued shares of the Company from time to time. No option may be granted to any person such that the total number of shares of the Company issued and to be issued upon exercise of all options granted and to be granted to each participant in any 12-month period up to the date of the latest grant exceeds 1% of the number of shares of the Company in issue.

An option under the Share Option Scheme may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board of Directors of the Company, which must not be more than 10 years from the date of the grant.

On 19 March 2012, a total of 41,670,000 share options were granted to certain directors and employees of the Company with an exercise price of HK\$1.34 per share pursuant to the Share Option Scheme.

The closing price of the Company’s shares immediately before 19 March 2012, the date of grant, was HK\$1.32.

The following assumptions were used to calculate the fair values of share options:

Grant date share price	HK\$1.31
Exercise price	HK\$1.34 per share
Expected life	3-4 years
Expected volatility	55.57%-60.30%
Dividend yield	9.92%
Risk-free interest rate	0.422%-0.522%

The fair value of service received in return for share options granted under the Share Option Scheme was measured by reference to the fair value of share options. The estimate of the fair value of the share options granted was measured at the date of grant based on the Black-Scholes-Merton Option Pricing Model. The variables and assumptions used in computing the fair value of the share options were based on the directors’ best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

During the six months ended 30 June 2013, 150,000 (six months ended 30 June 2012: 600,000) share options under the Share Option Scheme were lapsed and no options were exercised. As at 30 June 2013, 40,230,000 (31 December 2012: 40,380,000) share options remained outstanding under the Share Option Scheme.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

19. RELATED PARTY TRANSACTIONS

(a) Transactions with a jointly-controlled entity of the Group

During the six months ended 30 June 2013, the Group has transactions with related parties as follows:

(i) Related party transactions

Name of related party	Relationship with the Group	Nature of transactions		2013 RMB'000	2012 RMB'000
Hu Mingda and Hu Minglie	(Note a)	Interest income (Note b)		297	–
Yingtian Ulba Shine Metal Materials Co., Ltd.	Jointly-controlled entity	Sales of goods (Note c)		5,787	6,360
		Purchase of goods (Note c)		1,385	1,012
		Leasing income (Note c)		231	172
		Management fee (Note c)		–	550

Notes:

- Hu Mingda and Hu Minglie are the close family members of the chairman of the board of directors. On 10 April 2012, the Group, Hu Mingda and Hu Minglie entered into a partnership agreement, pursuant to which the partners agreed to form Shanghai Yuanzhan Houde Investment Partnership (“Houde”) which will then invest in an unlisted PRC fund. The transaction has been classified as connected transaction under Chapter 14A of the Listing Rules.
- In accordance with the partnership agreement, an interest at 10% per annum will be charged on partners who failed to pay up their contribution at the agreed date. The interest income was accrued since July 2012 up to April 2013 when Hu Mingda and Hu Minglie paid their contributions in full.
- The transactions were carried on mutually agreed terms.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

19. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management who have authority and responsibility, directly or indirectly, for planning, directing and controlling the activities of the Group during the reporting periods were as follows:

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Short-term benefits	1,803	1,667
Post-employment benefits	11	15
Share-based payments	451	463
	2,265	2,145

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

The Group's derivative financial instruments of RMB10,946,000 (31 December 2012: RMB3,734,000) as at 30 June 2013 arose from non-deliverable copper futures contracts were valued using Level 1 fair value measurement based on the quoted bid prices in an active market.

Except for the derivative financial assets, the directors of the Company considered that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

21. CAPITAL COMMITMENTS

Capital commitments outstanding at the end of the reporting period were as follows:

	At 30 June 2013 RMB'000 (Unaudited)	At 31 December 2012 RMB'000 (Audited)
Authorised but not contracted for in respect of acquisition of property, plant and equipment	43,150	–
Contracted for in respect of acquisition of:		
– Property, plant and equipment	229,417	268,635
– Available-for-sale investment	15,000	15,000
	287,567	283,635

22. OPERATING LEASE COMMITMENTS

As at the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 30 June 2013 RMB'000 (Unaudited)	At 31 December 2012 RMB'000 (Audited)
Less than 1 year	1,466	2,501
Over 1 year but less than 5 years	1,518	1,500
	2,984	4,001



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

23. SUBSEQUENT EVENT

On 9 July 2013, the Group entered into certain agreements with vendors for the purchase of production equipment at an aggregate consideration of RMB48,500,000 so as to accelerate and enhance the production volume and quality of the products of the Group.

24. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation of the Group's annual financial statements for the year ended 31 December 2012 for the purpose of better representation of the Group's activities:

- (a) Net realised and unrealised gains on derivative financial instruments, net realised and unrealised gain on trading securities, gain on disposal of property, plant and equipment and gain on disposal of lease prepayments of RMB6,047,000, RMB1,845,000, RMB216,000 and RMB4,483,000 which had previously been recorded under "Other income" in the condensed consolidated financial statements for the period ended 30 June 2012, were reclassified to "Other gains and losses, net".
- (b) Impairment loss in respect of property, plant and equipment of RMB2,700,000 and other expenses of RMB3,617,000 which had previously been recorded under "Other expenses" in the condensed consolidated financial statements for the period ended 30 June 2012 were reclassified to "Other gains and losses, net" and "Administrative expense" respectively.
- (c) Net exchange losses of RMB2,084,000 which had previously been recorded under "Administrative expenses" in the condensed consolidated financial statements for the period ended 30 June 2012, was reclassified to "Other gains and losses, net".

Management Discussion and Analysis

PROSPECTS

Looking back on the first half of 2013, although global economic conditions have improved, economic growth was still at slow pace. We have seen slight improvement in production, investment and consumption in the nonferrous metal processing industry, but the industry still did not have enough momentum to drive significant rebound in demand, as such, overcapacity still posing high pressure on the industry. The copper process industry still couldn't get rid of the predicament of dropping processing fees. Notwithstanding the adverse impact of the above mentioned factors, we, with the effort of all staff, managed to increase our profit attributable to equity shareholders by 14.4% from last year. The Group will continue to implement our development plan proactively and all works have achieved stable progress, which include:

1. Pushing on performance assessment reform and forming a comprehensive workforce. At the beginning of the year, our Group engaged a professional team to make major reform to our performance appraisal system, making it more scientific and reasonable. In order to build up a high-caliber professional front-line workforce, the Group continued to recruit high-caliber professional talent for our workshop. As at present, we have already built up a talent pool for our new projects and new equipment to commence operation.
2. Speeding-up self-driven innovation and facilitating project application. With the prevalence belief in promoting self-owned brand names, the Group highly emphasized on the innovation and diversification of products, targeting at establishing a genuinely indigenous product line. In March 2013, we have convened assessment meetings for two new products, which have been successfully approved by experts after verification. The assessment for another new product is now on the agenda.

Meanwhile, the Group also took the opportunity to apply for the status of both of National Industrial Revitalization Project and National High-tech Enterprise. For the time being, the Group has already secured the contract regarding the Engineering Technology Center in Hangzhou Bay New Zone. For projects filed with competent authorities, some have been approved while some have been under the approving procedures.

3. Exploring for new business modes and expanding the income source. "To boost trading business" is one of our strategic targets. Our trading business has provided us with an alternative profit stream. Now we are seeking for new business modes and preparing for the follow-up operation once conditions are met.
4. Identifying investment channels and looking for quality resources. Locating high-quality copper mines is always the strategic focus of the Group. In addition, the Group has successfully divested from certain private equity funds after taking satisfying yields.

In the second half of the year, with the steady progress of urbanization, the property development sector will continue with its moderate recovery, which signifies the propelling effect of the domestic demand in China. By then, the environment for the operation of macro economy will be improved, which is believed to be a driving force for the domestic nonferrous industry.



Management Discussion and Analysis

FINANCIAL REVIEW

Revenue and gross profit

The Group's revenue for the six months ended 30 June 2013 slightly increased by 0.7% to RMB1,624.2 million from RMB1,613.0 million for the corresponding period of last year, which was principally due to the increase in the total sales volume to 44,708 tonnes from 41,825 tonnes. Revenue generated from the sale of high precision copper plates and strips, provision of processing services and trading of raw materials amounted to RMB1,193.6 million, RMB60.2 million and RMB370.4 million respectively (For the six months ended 30 June 2012: RMB1,192.5 million, RMB58.1 million and RMB362.4 million respectively). For the six months ended 30 June 2013, 73.4%, 3.7% and 22.9% of our revenue were derived from the sale of high precision copper plates and strips, provision of processing services and trading of raw materials respectively, compared to that of last year representing a similar revenue ratio.

Gross profit of the Group for the six months ended 30 June 2013 amounted to RMB47.1 million, representing a decrease of 34.5% compared to RMB72.0 million of the corresponding last year, which was mainly due to 1) the change in sales mix; 2) gross profit decreased RMB12.5 million due to the downward adjustment on service fees as result of intense market competition; and 3) the provision for diminution in value of inventories of RMB7.5 million.

Other income

During the six months ended 30 June 2013, the Group's other income amounted to RMB25.5 million in total, representing an increase of 40.6% compared to RMB18.1 million of the corresponding period last year. Such increase was mainly attributable to (i) increase in government grants by RMB3.1 million to RMB19.3 million in the period under review from RMB16.2 million in the same period of last year; and (ii) increase in interest income from bank deposits by RMB4.3 million.

Other gains and losses, net

During the six months ended 30 June 2013, the Group's other net gains increased to RMB26.3 million from RMB7.8 million of the corresponding period of 2012, which was mainly attributable to increase in gain from hedging activities involving copper futures contracts by RMB16.0 million to RMB22.0 million in the period under review from RMB6.0 million in the same period of last year.

Distribution expenses

For the six months ended 30 June 2013, the ratio of distribution expenses to the revenue was 0.7% (corresponding period of last year: 0.6%), the slightly increase in the aforesaid ratio was due to the increase transportation cost.

Administrative expenses

For the six months ended 30 June 2013, the Group's administrative expenses increased by 6.0% to RMB36.0 million from RMB34.0 million in the same period of last year, which was attributable to the increase in staff cost resulting from the increase in salaries and office expenditures.

Management Discussion and Analysis

Finance costs

For the six months ended 30 June 2013, the Group's finance costs decreased to RMB20.5 million from RMB25.1 million of the corresponding period of 2012. Such decrease was mainly attributable to the financial costs capitalisation for construction in progress amounted to RMB2.6 million (corresponding period of last year: RMB0.9 million), and decrease in interest rate.

Income tax

For the six months ended 30 June 2013, the Group's income tax expense was RMB8.0 million, representing an decrease of 27.4% from RMB11.1 million for the corresponding period last year. The effective tax rate decrease to 25.7% in the six months ended 30 June 2013 from 34.9% for the corresponding period of last year which was mainly attributable to some of our loss-making subsidiaries for the last period.

Profit attributable to equity shareholders of the Company

Given the above reasons, the Group's profit attributable to equity shareholders for the six months ended 30 June 2013 amounted to RMB23.2 million, representing an increase of 14.4% compared to that of RMB20.2 million of the corresponding period last year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2013, the Group recorded net current liabilities of RMB81.6 million, which was primarily due to capital expenditure made in last year and current period under review was largely financed by short-term bank borrowings. Capital expenditures are used to purchase manufacturing equipment, land and buildings according to the development plan of the Group.

As a percentage of total interest-bearing borrowings, the short-term interest-bearing borrowings represented 98.6% as of 30 June 2013. As at the date of this report, the Group had not experienced any difficulty in raising funds by securing and rolling over the short-term loans borrowed from various banks in the PRC, which were renewed on an annual basis in accordance with local market practice.

Despite the net current liability as of 30 June 2013, owing to the Group's ability to generate cash from operating activities, good credit standing and relationships with principal lending banks and available undrawn banking facilities together with bank deposits of RMB668 million (including 5 years long term loan facilities amounted to RMB199 million effective until 6 April 2017) and RMB293.5 million (comprised pledged deposits of RMB183.0 million and cash and cash equivalents of RMB110.5 million) respectively. Based on the previous experience and the Group's relationships with its principal lending banks, the Board believes that the Group can roll over the existing short-term bank borrowings upon maturity in the coming year. The Board is confident that the Group has adequate financial resources to sustain its working capital requirement and meet its foreseeable debt repayment requirements.

As at 30 June 2013, the Group had outstanding bank loans of approximately RMB970.0 million, which shall be repaid within 1 year. As at 30 June 2013, 88.8% of the Group's debts was on secured basis.

The gearing ratio in the period of under review was 44.5% (31 December 2012: 40.3%), which is calculated by dividing the total borrowings over the total assets.



Management Discussion and Analysis

Charge on assets

As at 30 June 2013, the Group pledged assets with an aggregate carrying value of approximately RMB1,044.1 million (31 December 2012: RMB869.0 million) to secure bank loans and facilities of the Group.

Capital expenditure

For the six months ended 30 June 2013, the Group has invested approximately RMB98.7 million for purchase of property, plant and equipment. These capital expenditures were financed by internal resources and bank loans.

Capital commitments

As at 30 June 2013, the Group had authorised but not contracted and contracted but not provided for future capital expenditures amounted to RMB43.2 million and RMB244.4 million, respectively.

MARKET RISK

The Group is exposed to various types of market risks, including price risk, interest rate risk and foreign exchange risk.

Price risk

The Group is exposed to raw material price fluctuations. Cathode copper alloy trimmings, zinc, tin, nickel and other metals are the principal raw materials used in the production of the Group's products. The Group had makes such purchases at market prices. In addition, sales of all products of the Group according to market price, which might fluctuate and were beyond our control. Therefore, fluctuations in the prices of raw materials may have an adverse effect on the results of the Group's operations.

The Group uses its Shanghai Futures Exchange and London Metal Exchange copper futures contracts to hedge against fluctuations in copper price. The Group recorded a gain on futures contracts of approximately RMB22.5 million for the six months ended 30 June 2013, which corresponding period in last year was approximately RMB6.0 million.

Interest rate risk

In addition to short-term deposits, the Group has no significant interest-bearing assets. Therefore, the Group's income and operating cash flows are, to a large extent, independent of changes in market interest rates. The Group's exposure to market risk for changes in interest rates relates primarily to fluctuations in interest rates on bank borrowings. The Group's exposure to debt is used for general corporate purposes, including capital expenditures and working capital needs. The Group's bank borrowings bear interest rates that are subject to adjustment by lenders in accordance with changes of the relevant regulations of the People's Bank of China ("PBOC"). The Group's financing costs will increase when the PBOC to raise interest rates. Fluctuations in interest rates will affect the cost of undertaking new debts. The Group had not entered any interest rate swap to hedge against exposure to interest rate risk.

Management Discussion and Analysis

Foreign exchange risk

The Group's export sales and certain part of the purchase of raw materials were denominated in foreign currencies, primarily U.S. dollars. Therefore, fluctuations in the exchange rate may have an impact on the Group's operating results. The Group has not entered into any foreign exchange contract to hedge against foreign exchange rate risk. For period under review, the Group had recorded a net foreign exchange gain of RMB1.4 million while recording a loss of RMB2.1 million for the corresponding period in 2012.

Employees

As at 30 June 2013, the total number of the Group's employees was 1,163 (30 June 2012: 1,292). Remuneration policies are reviewed periodically to ensure that the Group is offering competitive employment packages to our employees. The employees' benefits include salaries, pensions, medical insurance scheme and other applicable social insurance. Promotion and salary increments are assessed in accordance with performance-based. The Group's business growth depends on its employees' skills and contributions. The Group believes important position of human resources in a highly competitive industry and has devoted resources to training its employees. The Group has established an annual training program for our new employees so that the new employees can master the basic skills required to perform their duties, and existing employees can enhance or upgrade their skills.



Other Information

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

As at 30 June 2013, the interests and short positions of the directors ("Directors") and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and chief executive of the Company were taken or deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise required to be notified to the Company, and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in the Listing Rules, were as follows:

(i) Interest in Shares of HK\$0.10 each of the Company

Name of Directors	Capacity	Number of Shares held	Approximate percentage of shareholding*
Hu Changyuan	Founder of a discretionary trust	265,200,000 (Note 1)	37.91%
Chen Jianhua	Beneficial owner	1,480,000	0.21%
Wang Jianli	Beneficial owner	1,060,000	0.15%
Ma Wanjun	Beneficial owner	1,060,000	0.15%
Cui Ming	Beneficial owner	220,000	0.03%
Xie Shuisheng	Beneficial owner	175,000	0.03%
Chai Chaoming	Beneficial owner	134,000	0.02%
Li Li	Beneficial owner	320,000	0.05%

Notes:

- These 265,200,000 shares were held by Luckie Strike Limited and Come Fortune International Limited which was wholly owned by Dynamic Empire Holdings Limited. The entire issued share capital of Dynamic Empire Holdings Limited was beneficially owned by the Hu Family Trust which was founded by Mr. Hu. Mr. Hu was deemed to be interested in these shares by virtue of the SFO.

* The percentages are calculated based on total issued number of shares of 699,501,950 as at 30 June 2013.

Other Information

(ii) Interests in share options of the Company

Name of Directors	Capacity	Number of share options	Exercisable period	Exercise price per share <i>HK\$</i>	Approximate percentage of shareholding*
Chen Jianhua	Beneficial owner	800,000	19 March 2013 to 30 June 2016	1.34	0.11%
	Beneficial owner	800,000	19 March 2014 to 30 June 2016	1.34	0.11%
	Beneficial owner	800,000	19 March 2015 to 30 June 2016	1.34	0.11%
Wang Jianli	Beneficial owner	800,000	19 March 2013 to 30 June 2016	1.34	0.11%
	Beneficial owner	800,000	19 March 2014 to 30 June 2016	1.34	0.11%
	Beneficial owner	800,000	19 March 2015 to 30 June 2016	1.34	0.11%
Ma Wanjun	Beneficial owner	800,000	19 March 2013 to 30 June 2016	1.34	0.11%
	Beneficial owner	800,000	19 March 2014 to 30 June 2016	1.34	0.11%
	Beneficial owner	800,000	19 March 2015 to 30 June 2016	1.34	0.11%
Cui Ming	Beneficial owner	200,000	19 March 2013 to 30 June 2016	1.34	0.03%
	Beneficial owner	200,000	19 March 2014 to 30 June 2016	1.34	0.03%
	Beneficial owner	200,000	19 March 2015 to 30 June 2016	1.34	0.03%



Other Information

Name of Directors	Capacity	Number of share options	Exercisable period	Exercise price per share HK\$	Approximate percentage of shareholding*
Xie Shuishen	Beneficial owner	200,000	19 March 2013 to 30 June 2016	1.34	0.03%
	Beneficial owner	200,000	19 March 2014 to 30 June 2016	1.34	0.03%
	Beneficial owner	200,000	19 March 2015 to 30 June 2016	1.34	0.03%
Chai Chaoming	Beneficial owner	200,000	19 March 2013 to 30 June 2016	1.34	0.03%
	Beneficial owner	200,000	19 March 2014 to 30 June 2016	1.34	0.03%
	Beneficial owner	200,000	19 March 2015 to 30 June 2016	1.34	0.03%
Li Li	Beneficial owner	200,000	19 March 2013 to 30 June 2016	1.34	0.03%
	Beneficial owner	200,000	19 March 2014 to 30 June 2016	1.34	0.03%
	Beneficial owner	200,000	19 March 2015 to 30 June 2016	1.34	0.03%

Notes

These are the underlying shares of the options granted to the relevant Directors by the Company on 19 March 2012 under Share Option Scheme and such share options remained outstanding as at 30 June 2013. The exercise price is the average closing price of HK\$1.34 per share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant.

* The percentages are calculated based on total issued number of shares of 699,501,950 as at 30 June 2013.

Save as disclosed above, as at 30 June 2013, none of the Directors or chief executive of the Company held or was deemed to hold any interests or short positions in the shares or underlying shares of the Company or any of its associated corporations (as defined in the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or were required to be recorded in the register required to be kept pursuant to section 352 of the SFO, or is otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information

SHARE OPTION SCHEMES

The Company has adopted the Share Option Scheme on 1 December 2007. Details of such share option schemes are set out in the published annual report of the Company for the year ended 31 December 2012.

The following table discloses movements in the Company's share options during the period:

Name or type of grantee	Date of grant	Exercisable period	Exercise price HK\$	Number of share options				Outstanding as at 30 June 2013	Approximate percentage of issued share capital of the Company
				Outstanding as at 1 January 2013	Exercised during the period	Granted during the period	Lapsed during the period		
Directors									
Chen Jianhua	19-3-2012	19-3-2013 to 30-6-2016	1.34	800,000	-	-	-	800,000	0.11%
	19-3-2012	19-3-2014 to 30-6-2016	1.34	800,000	-	-	-	800,000	0.11%
	19-3-2012	19-3-2015 to 30-6-2016	1.34	800,000	-	-	-	800,000	0.11%
				2,400,000	-	-	-	2,400,000	0.33%
Wang Jianli	19-3-2012	19-3-2013 to 30-6-2016	1.34	800,000	-	-	-	800,000	0.11%
	19-3-2012	19-3-2014 to 30-6-2016	1.34	800,000	-	-	-	800,000	0.11%
	19-3-2012	19-3-2015 to 30-6-2016	1.34	800,000	-	-	-	800,000	0.11%
				2,400,000	-	-	-	2,400,000	0.33%
Ma Wanjun	19-3-2012	19-3-2013 to 30-6-2016	1.34	800,000	-	-	-	800,000	0.11%
	19-3-2012	19-3-2014 to 30-6-2016	1.34	800,000	-	-	-	800,000	0.11%
	19-3-2012	19-3-2015 to 30-6-2016	1.34	800,000	-	-	-	800,000	0.11%
				2,400,000	-	-	-	2,400,000	0.33%
Cui Ming	19-3-2012	19-3-2013 to 30-6-2016	1.34	200,000	-	-	-	200,000	0.03%
	19-3-2012	19-3-2014 to 30-6-2016	1.34	200,000	-	-	-	200,000	0.03%
	19-3-2012	19-3-2015 to 30-6-2016	1.34	200,000	-	-	-	200,000	0.03%
				600,000	-	-	-	600,000	0.09%



Other Information

Name or type of grantee	Date of grant	Exercisable period	Exercise price HK\$	Number of share options				Outstanding as at 30 June 2013	Approximate percentage of issued share capital of the Company
				Outstanding as at 1 January 2013	Exercised during the period	Granted during the period	Lapsed during the period		
Xie Shuisheng	19-3-2012	19-3-2013 to 30-6-2016	1.34	200,000	-	-	-	200,000	0.03%
	19-3-2012	19-3-2014 to 30-6-2016	1.34	200,000	-	-	-	200,000	0.03%
	19-3-2012	19-3-2015 to 30-6-2016	1.34	200,000	-	-	-	200,000	0.03%
				600,000	-	-	-	600,000	0.09%
Chai Chaoming	19-3-2012	19-3-2013 to 30-6-2016	1.34	200,000	-	-	-	200,000	0.03%
	19-3-2012	19-3-2014 to 30-6-2016	1.34	200,000	-	-	-	200,000	0.03%
	19-3-2012	19-3-2015 to 30-6-2016	1.34	200,000	-	-	-	200,000	0.03%
				600,000	-	-	-	600,000	0.09%
Li Li	19-3-2012	19-3-2013 to 30-6-2016	1.34	200,000	-	-	-	200,000	0.03%
	19-3-2012	19-3-2014 to 30-6-2016	1.34	200,000	-	-	-	200,000	0.03%
	19-3-2012	19-3-2015 to 30-6-2016	1.34	200,000	-	-	-	200,000	0.03%
				600,000	-	-	-	600,000	0.09%
Employees	19-3-2012	19-3-2013 to 30-6-2016	1.34	10,260,000	-	-	(50,000)	(10,210,000)	1.46%
	19-3-2012	19-3-2014 to 30-6-2016	1.34	10,260,000	-	-	(50,000)	(10,210,000)	1.46%
	19-3-2012	19-3-2015 to 30-6-2016	1.34	10,260,000	-	-	(50,000)	(10,210,000)	1.46%
				30,780,000	-	-	-	30,630,000	4.38%
				40,380,000	-	-	(150,000)	40,230,000	5.73%

Notes:

- As at 30 June 2013, the total number of issued shares of the Company was 699,501,950.
- The vesting period of the share options is from the date of grant until the commencement of the exercisable period.

Other Information

The fair value of options granted on 19 March 2012 under the Share Option Scheme was determined using the "Black-Scholes-Merton Option Pricing Model". The significant inputs into the model were:

• Exercise price (HK\$)	1.34
• Risk-free rate (%)	0.6
• Employee exit rate	10%
• Expected Volatility (%)	59.94
• Expected Dividend (%)	9.92%

Based on the inputs above to the Black-Scholes-Merton Option Pricing Model, the total fair value of the outstanding options as at the grant date was HKD11,351,776.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2013, the following persons or corporations had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of Shareholder	Capacity	Number of shares	Approximate percentage of shareholding*
Luckie Strike Limited	Beneficial owner	110,000,000(L)	15.72%
Come Fortune International Limited	Beneficial owner	155,200,000(L)	22.19%
Dynamic Empire Holdings Limited (Note 1)	Interest of a controlled corporation	265,200,000(L)	37.91%
Barclays Wealth Trustees (Singapore) Limited (Note 1)	Trustee (other than a bare trustee)	265,200,000(L)	37.91%
Barclays PLC (Note 2)	Interest of a controlled Corporation	32,000(S) 32,000(L)	0.005% 0.005%
	Trustee (other than a bare trustee)	265,200,000(L)	37.91%
Yu Yuesu (Note 3)	Interest of spouse	265,200,000(L)	37.91%



Other Information

Notes:

1. The shares were held by Luckie Strike Limited and Come Fortune International Limited which was wholly owned by Dynamic Empire Holdings Limited. The entire issued share capital of Dynamic Empire Holdings Limited was beneficially owned by the Hu Family Trust, the trustee of which was Barclays Wealth Trustees (Singapore) Limited. Dynamic Empire Holdings Limited was deemed to be interested in all the shares in which Luckie Strike Limited and Come Fortune International Limited is interested by virtue of the SFO. Barclays Wealth Trustees (Singapore) Limited was deemed to be interested in all the shares in which Dynamic Empire Holdings Limited was interested by virtue of the SFO. The shares registered in the name of Luckie Strike Limited and Come Fortune International Limited was also disclosed as the interest of Mr. Hu Changyuan in the section headed "Directors and chief executive's interests in shares, underlying shares and debentures of the Company" above.
2. Barclays Wealth Trustees (Singapore) Limited was wholly owned by Barclays PLC. Barclays PLC was deemed to be interested in all the shares in which Barclays Wealth Trustees (Singapore) Limited was interested by virtue of the SFO.
3. Ms. Yu Yuesu is deemed to be interested in these shares under the SFO by virtue of being the spouse of Mr. Hu Changyuan.

The letter "S" denotes a short position in the share

The letter "L" denotes a long position in the share

* The percentages are calculated based on total number of issued shares of 699,501,950 as at 30 June 2013.

Save as disclosed herein, as at 30 June 2013, so far as the Directors are aware, there were no other person, other than the Directors and chief executive of the Company, who had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than disclosed above under the paragraph headed "Share Option Schemes", at no time during the period under review were the Company or its subsidiaries parties to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor the chief executive of the Company, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders of the Company.

Other Information

AUDIT COMMITTEE

The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the financial reporting matters including the review of the interim report prepared in accordance with the International Financial Reporting Standards. The audit committee has discussed with the external auditor of the Company the results of their agreed upon procedures.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules on the Stock Exchange throughout the period under review.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2013.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2013.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

By order of the Board

Hu Changyuan

Chairman

Hong Kong, 23 August 2013