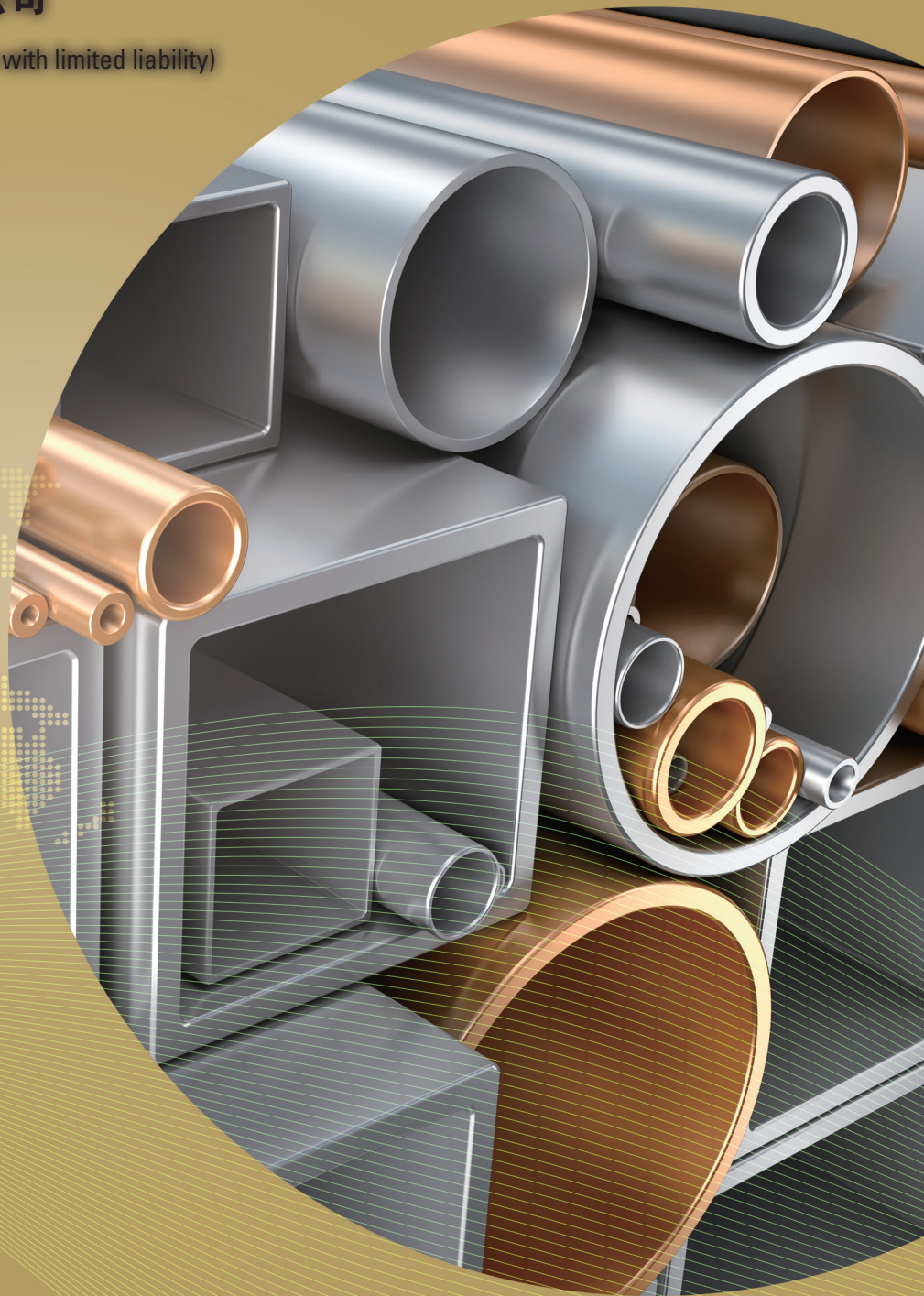




**Xingye Copper International Group Limited**  
**興業銅業國際集團有限公司**

(incorporated in the Cayman Islands with limited liability)  
Stock Code: 00505



**2016 Interim Report**



# CONTENTS

Corporate Information	2
Corporate Structure	3
Consolidated Statement of Profit or Loss	4
Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Changes in Equity	8
Condensed Consolidated Statement of Cash Flows	10
Notes to the Unaudited Interim Financial Report	11
Management Discussion and Analysis	27
Other Information	32

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

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

### Non-Executive Director

Mr. DAI Jianchun

### Independent Non-Executive Directors

Mr. MAO Xuechang (*Retired on 27 May 2016*)  
Mr. CHAI Chaoming  
Dr. LOU Dong  
Ms. LU Hong (*Elected on 27 May 2016*)

### Audit Committee

Mr. CHAI Chaoming (*Chairman*)  
Mr. MAO Xuechang (*Ceased to act on 27 May 2016*)  
Mr. DAI Jianchun  
Ms. LU Hong (*Appointed on 27 May 2016*)

### Remuneration Committee

Dr. LOU Dong (*Chairman*)  
Mr. MAO Xuechang (*Ceased to act on 27 May 2016*)  
Mr. WANG Jianli  
Ms. LU Hong (*Appointed on 27 May 2016*)

### Nomination Committee

Mr. CHAI Chaoming (*Chairman*)  
Mr. MAO Xuechang (*Ceased to act on 27 May 2016*)  
Mr. DAI Jianchun  
Mr. MA Wanjun  
Dr. LOU Dong  
Ms. LU Hong (*Appointed on 27 May 2016*)

## COMPANY SECRETARY

Ms. MUI Ngar May, Joel

## AUTHORISED REPRESENTATIVES

Mr. WANG Jianli  
Ms. MUI Ngar May, Joel

## PRINCIPAL LEGAL ADVISORS

### Hong Kong

Woo Kwan Lee & Lo

### Cayman Islands

Conyers Dill & Pearman, Cayman

## AUDITORS

KPMG

## 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. 68, Jin Xi Road  
Hangzhou Bay New Zone  
Ningbo  
Zhejiang Province  
315336, PRC

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited  
4th Floor, Royal Bank House  
24 Shedden Road, George Town  
P.O. Box 705  
Grand Cayman KY1-1110  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## PRINCIPAL BANKERS

Agricultural Bank of China  
China Construction Bank  
Bank of China

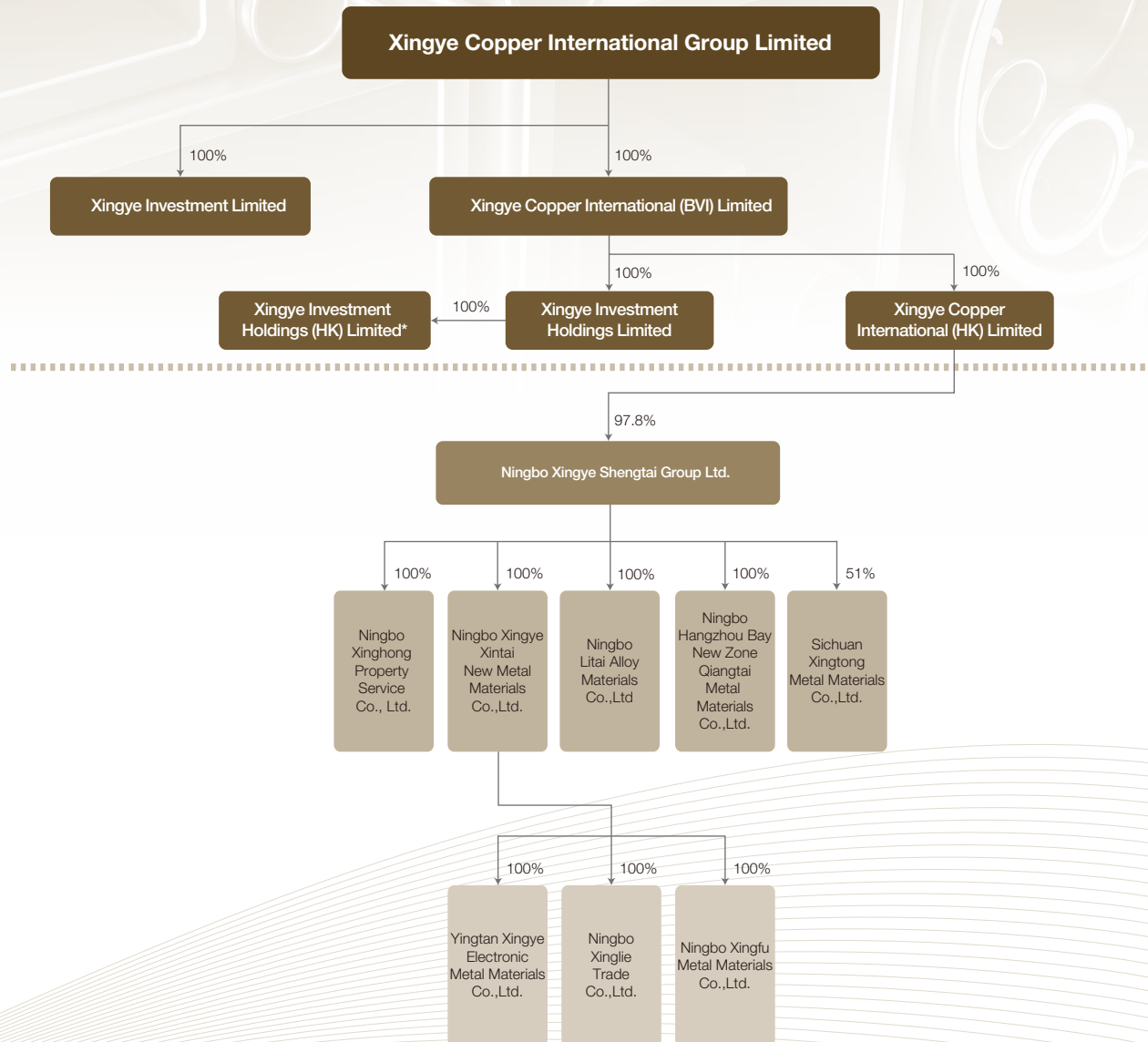
## COMPANY WEBSITE

[www.xingyecopper.com](http://www.xingyecopper.com)

## STOCK CODE

505

# Corporate Structure



# Consolidated Statement of Profit or Loss

For the six months ended 30 June 2016 (unaudited)

	Notes	Six months ended 30 June	
		2016 RMB'000	2015 RMB'000
<b>Revenue</b>	4	<b>1,492,812</b>	1,476,040
Cost of sales		<b>(1,279,010)</b>	(1,347,319)
<b>Gross profit</b>		<b>213,802</b>	128,721
Other income		<b>14,119</b>	29,376
Distribution expenses		<b>(16,787)</b>	(13,136)
Administrative expenses		<b>(104,283)</b>	(90,349)
Other expenses		<b>(16,170)</b>	(1,561)
Profit from operations		<b>90,681</b>	53,051
Finance income		<b>1,718</b>	6,815
Finance costs		<b>(23,399)</b>	(20,311)
<b>Net finance costs</b>	5(a)	<b>(21,681)</b>	(13,496)
<b>Profit before taxation</b>		<b>69,000</b>	39,555
Income tax	6	<b>(11,558)</b>	(6,109)
<b>Profit for the period</b>	5	<b>57,442</b>	33,446
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>55,339</b>	31,920
Non-controlling interests		<b>2,103</b>	1,526
Profit for the period		<b>57,442</b>	33,446
<b>Earnings per share</b>			
– Basic and diluted (RMB cents)	7	<b>6.82</b>	4.56



# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016 (unaudited)

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
<b>Profit for the period</b>	<b>57,442</b>	33,446
<b>Other comprehensive income for the period (after tax and reclassification adjustments):</b>		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of foreign operations	166	(22)
<b>Total comprehensive income for the period</b>	<b>57,608</b>	33,424
<b>Attributable to:</b>		
Equity shareholders of the Company	55,505	31,898
Non-controlling interests	2,103	1,526
<b>Total comprehensive income for the period</b>	<b>57,608</b>	33,424

# Consolidated Statement of Financial Position

As at 30 June 2016 (unaudited)

	Notes	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	8	1,197,571	1,160,914
Lease prepayments		14,019	14,199
Deposit for acquisition of property, plant and equipment		11,617	15,973
		<b>1,223,207</b>	1,191,086
<b>Current assets</b>			
Inventories	9	523,688	424,654
Trade and other receivables	10	411,001	364,729
Available-for-sale investment		–	9,000
Derivative financial instruments		1,091	830
Pledged deposits	11	52,791	33,298
Cash and cash equivalents		203,413	209,915
		<b>1,191,984</b>	1,042,426
<b>Current liabilities</b>			
Trade and other payables	12	616,746	545,863
Interest-bearing borrowings	13	587,478	487,662
Derivatives financial instruments		254	1,711
Income tax payables		9,251	718
		<b>1,213,729</b>	1,035,954
<b>Net current (liabilities)/assets</b>		<b>(21,745)</b>	6,472
<b>Total assets less current liabilities</b>		<b>1,201,462</b>	1,197,558

# Consolidated Statement of Financial Position (Continued)

As at 30 June 2016 (unaudited)

	Notes	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
<b>Non-current liabilities</b>			
Interest-bearing borrowings	13	287,500	336,710
Deferred income		49,795	50,721
Deferred tax liabilities		5,391	7,052
		<b>342,686</b>	394,483
<b>Net assets</b>			
		<b>858,776</b>	803,075
<b>Capital and reserves</b>			
	14		
Share capital		73,687	73,687
Reserves		759,670	705,085
<b>Total equity attributable to equity shareholders of the Company</b>			
		<b>833,357</b>	778,772
<b>Non-controlling interests</b>			
		<b>25,419</b>	24,303
<b>Total equity</b>			
		<b>858,776</b>	803,075



# Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016 (unaudited)

	Attributable to owners of the Company										
	Note	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	PRC statutory reserve RMB'000	Translation reserve RMB'000	Treasury shares held for the Share Award Scheme RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2016		73,687	295,251	259,726	80,797	(14,874)	-	84,185	778,772	24,303	803,075
<b>Changes in equity for the six months ended 30 June 2016:</b>											
Profit for the period		-	-	-	-	-	-	55,339	55,339	2,103	57,442
<b>Other comprehensive income</b>		-	-	-	-	166	-	-	166	-	166
Total comprehensive income for the period		-	-	-	-	166	-	55,339	55,505	2,103	57,608
Treasury shares held for the Share Award Scheme	3(b)	-	-	-	-	-	(920)	-	(920)	-	(920)
Disposal of interest in subsidiaries		-	-	-	(22,866)	-	-	22,866	-	(987)	(987)
At 30 June 2016		73,687	295,251	259,726	57,931	(14,708)	(920)	162,390	833,357	25,419	858,776

# Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2016 (unaudited)

	Attributable to owners of the Company									Total
	Share capital	Share premium	Capital reserve	PRC statutory reserve	Translation reserve	Share-based compensation reserve	Retained earnings	Total	Non-controlling interests	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2015	64,881	227,978	259,726	80,826	(18,379)	349	65,337	680,718	36,452	717,170
<b>Changes in equity for the six months ended 30 June 2015:</b>										
Profit for the period	-	-	-	-	-	-	31,920	31,920	1,526	33,446
<b>Other comprehensive income</b>	-	-	-	-	(22)	-	-	(22)	-	(22)
Total comprehensive income for the period	-	-	-	-	(22)	-	31,920	31,898	1,526	33,424
Share options exercised	135	628	-	-	-	(49)	-	714	-	714
Transfer to reserve	-	-	-	-	-	-	-	-	-	-
Outstanding share options lapsed	-	-	-	-	-	(300)	-	(300)	-	(300)
Equity-settled share-based payments	-	-	-	-	-	-	-	-	-	-
Disposal of interest in a subsidiary	-	-	-	(29)	-	-	-	(29)	(14,150)	(14,179)
At 30 June 2015	65,016	228,606	259,726	80,797	(18,401)	-	97,257	713,001	23,828	736,829

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016 (unaudited)

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
<b>Operating Activities</b>		
Cash generated from operations	14,690	117,322
Tax (paid)/refund	(4,686)	4,974
<b>Net cash generated from operating activities</b>	<b>10,004</b>	<b>122,296</b>
<b>Investing Activities</b>		
Payment for the purchase of property, plant and equipment	(77,801)	(105,698)
Other cash flow arising from investing activities	10,803	73,297
<b>Net cash used in investing activities</b>	<b>(66,998)</b>	<b>(32,401)</b>
<b>Financing Activities</b>		
Proceeds from borrowings	492,157	838,207
Repayment of borrowings	(441,551)	(1,130,505)
Other cash (used in)/ generated from financing activities	(920)	158,924
<b>Net cash generated from/(used in) financing activities</b>	<b>49,686</b>	<b>(133,374)</b>
Net decrease in cash and cash equivalents	(7,308)	(43,479)
Cash and cash equivalents at 1 January	209,915	123,058
Effect of movements in exchange rates on cash held	806	(22)
Cash and cash equivalents at 30 June	203,413	79,557

# Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2016

## 1. REPORTING ENTITY AND BACKGROUND INFORMATION

Xingye Copper International Group Limited (the “Company”) was 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. Its registered address is Cricket Square Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 27 December 2007 (the “Listing Date”).

The interim financial report as at and for the six months ended 30 June 2016 comprise the Company and its subsidiaries (together referred to as the “Group”). The principal activities of the Group are the manufacture and sales of high precision copper plates and strips, trading of raw materials, and provision of processing services.

## 2. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standard Board (“IASB”). It was authorised for issue on 26 August 2016.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the 2015 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

In preparing the interim financial report, 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 financial position and substantial capital commitment.

As at 30 June 2016, the Group had net current liabilities of approximately RMB21.7 million. The Group had unutilised banking facilities of RMB479.5 million as at 30 June 2016 that will not expire within 12 months from 30 June 2016. Taking into account 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 interim financial statements on the going concern basis.



# Notes to the Unaudited Interim Financial Report (Continued)

For the six months ended 30 June 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES

### (a) Changes in accounting policies

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

- *Annual Improvements to IFRSs 2012–2014 Cycle*
- *Amendments to IAS 1, Presentation of financial statements: Disclosure Initiative*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### (b) Accounting policy for a new transaction

On 18 April 2016, the Company adopted a share award scheme (the "Share Award Scheme"), which does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules, to recognize and reward the contribution of certain eligible employees to the growth and development of the Group through an award of the Company's shares.

The Company has appointed a trustee for administration of the Share Award Scheme (the "Trustee"). The principal activity of the Trustee is to administrate and hold the Company's shares for the Share Award Scheme for the benefit of the Company's eligible employees. Pursuant to the Share Award Scheme, the Company's shares will be purchased by the Trustee in the market out of cash contributed by the Company and held in the Trust for relevant employees until such shares are vested in the relevant beneficiary in accordance with the provisions of the Share Award Scheme at no cost. The total number of the Company's shares held by the Trustee under the Share Award Scheme will not exceed 20% of the total issued shares of the Company at any time.

As the Company has the power to govern the financial and operating policies of the Trust and can derive benefits from the contributions of the employees who have been awarded the shares of the Company (the "Awarded Shares") through their continued employment with the Group, the Group is required to consolidate the Trust.

As at 30 June 2016, the Company had contributed RMB2,530,000 to the Trust and the amount was recorded as "Investment in subsidiaries" in the Company's statement of financial position.

As at 30 June 2016, the Trustee had purchased 1,140,000 shares of the Company at a total cost (including related transaction costs) of RMB920,000. No shares had been awarded to eligible employees as of 30 June 2016 under the Share Award Scheme.

# Notes to the Unaudited Interim Financial Report (Continued)

For the six months ended 30 June 2016

## 4. REVENUE AND SEGMENT REPORTING

### (a) Revenue

The principal activities of the Group are the manufacture and sales of high precision copper plates and strips, trading of raw materials, and provision of processing services.

Sales of high precision copper plates and strips represent the manufacture and sales of high precision copper plates and strips products.

Revenue from trading of raw materials represents the sales of raw materials relating to copper products.

Revenue from processing services represents the provision of processing services relating to high precision copper plates and strips products.

The amount of each significant category of revenue recognised during the interim period is as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Sales of high precision copper plates and strips	<b>1,397,445</b>	1,277,667
Trading of raw materials	<b>24,999</b>	126,460
Processing services	<b>70,368</b>	71,913
	<b>1,492,812</b>	1,476,040

### (b) Segment reporting

IFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment which is the processing and sales of copper related products.

As the assets and liabilities by segment is not a measure used by the Group's chief operating decision maker to allocate resources and assess performance, the segment assets and liabilities of the Group are not reported to the Group's chief operating decision maker regularly. As a result, reportable segment assets and liabilities have not been presented in the condensed consolidated interim financial statements.

# Notes to the Unaudited Interim Financial Report (Continued)

For the six months ended 30 June 2016

## 4. REVENUE AND SEGMENT REPORTING (Continued)

### (b) Segment reporting (Continued)

#### Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods were delivered.

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
<b>Revenue</b>		
PRC	<b>1,323,670</b>	1,236,210
Others	<b>169,142</b>	239,830
	<b>1,492,812</b>	1,476,040

The Group's customer base is diversified and includes only one customer with whom transactions have exceeded 10% of the Group's revenue amounting to RMB202,533,000 for the six months ended 30 June 2016.

Based on the physical location of the assets (in the case of property, plant and equipment), the location of the operations to which the assets are allocated (in the case of intangible assets), and the location of operations (in the case of interests in joint venture), the Company's specified non-current assets (excluding financial assets and deferred tax assets) are all located in one geographical area, being mainland China.

# Notes to the Unaudited Interim Financial Report (Continued)

For the six months ended 30 June 2016

## 5. PROFIT BEFORE TAXATION

Profits before taxation is arrived after charging/(crediting):

### (a) Net finance costs

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Interest income on bank deposits	1,457	4,762
Unrealised gain from foreign exchange forward contracts	261	–
Net foreign exchange gain	–	2,053
Finance income	1,718	6,815
Interest expenses	(22,322)	(29,065)
Less: interest expense capitalised*	6,347	8,754
Net interest expense recognised in profit or loss	(15,975)	(20,311)
Net foreign exchange loss	(7,424)	–
Finance costs	(23,399)	(20,311)
Net finance costs	(21,681)	(13,496)

\* The borrowing costs were capitalised at rates of 1.02%–5.93% per annum during the six months ended 30 June 2016 (six months ended 30 June 2015: 1.16%–6.88% per annum).

### (b) Other items

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Cost of inventories*	1,279,010	1,347,319
Research and development expenditure (included in administrative expense)	65,718	58,140
Depreciation	33,173	34,301
Impairment on property, plant and equipment	15,116	–
Amortisation of lease prepayments	180	179
Government grants	3,846	8,444

\* Cost of inventories includes depreciation of RMB19,450,000 (six months ended 30 June 2015: RMB23,018,000), which is also included in the total amount regarding the said expenses which disclosed separately below.



# Notes to the Unaudited Interim Financial Report (Continued)

For the six months ended 30 June 2016

## 6. INCOME TAX

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
<b>Current tax</b>		
Provision for PRC Corporate Income Tax	13,742	12,730
Over-provision in respect of prior year	(523)	(5,375)
	<b>13,219</b>	7,355
<b>Deferred tax</b>		
Origination and reversal of temporary differences	1,661	1,246
	<b>11,558</b>	6,109

The provision for PRC Corporate Income Tax is calculated by applying the estimated annual effective rates of taxation that are expected to be applicable to each entity operating in the PRC.

The Group's consolidated effective tax rate for the six months ended 30 June 2016 was 17% (six months ended 30 June 2015: 15%). The increase in the effective tax rate was mainly due to the increase in taxable profits of those subsidiaries with the higher applicable income tax rate of 25%.

## 7. EARNINGS PER SHARE

### Basic earnings per share and diluted earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB55,339,000 (six months ended 30 June 2015: RMB31,920,000) and the weighted average of 810,995,456 ordinary shares (six months ended 30 June 2015: 700,531,950) in issue during the interim period.

## 8. PROPERTY, PLANT AND EQUIPMENT

### (a) Acquisitions and disposals

During the six months ended 30 June 2016, the Group acquired items of plant and machinery with a cost of RMB86,114,000 in total (six months ended 30 June 2015: RMB97,115,000). Items of plant and machinery with a net book value of RMB1,168,000 were disposed of during the six months ended 30 June 2016 (six months ended 30 June 2015: RMB406,000), resulting in a loss on disposal of RMB672,000 (six months ended 30 June 2015: RMB356,000).

# Notes to the Unaudited Interim Financial Report (Continued)

For the six months ended 30 June 2016

## 8. PROPERTY, PLANT AND EQUIPMENT (Continued)

### (b) Impairment losses

During the six months ended 30 June 2016, a number of machines became idle following the Group's substantial capital investment. The group assessed the recoverable amounts of those machines and as a result the carrying amount of the machines was written down to their recoverable amount of RMB2,856,000. An impairment loss of RMB15,116,000 was recognised in "Other expenses". The estimates of recoverable amount were based on the machines' fair values less costs of disposal. The fair value which the recoverable amount is based on is categorised as a Level 3 measurement.

## 9. INVENTORIES

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Raw materials	102,026	71,910
Working in progress	325,934	273,076
Finished goods	95,208	79,214
Others	520	454
	<b>523,688</b>	<b>424,654</b>

Provisions of RMB2,279,000 (2015: RMB12,739,000) were made against those inventories with net realisable value lower than their carrying value as at 30 June 2016. Except for the above, none of the inventories as at 30 June 2016 was carried at net realisable value (2015: Nil).

## 10. TRADE AND OTHER RECEIVABLES

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Trade and bill receivables	264,816	234,234
Deposits for metal future contracts	8,592	15,005
VAT recoverable	81,434	81,257
Prepayments	15,764	19,240
Others	40,395	14,993
	<b>411,001</b>	<b>364,729</b>

# Notes to the Unaudited Interim Financial Report (Continued)

For the six months ended 30 June 2016

## 10. TRADE AND OTHER RECEIVABLES (Continued)

Credit terms granted to customers ranged from 7 to 90 days depending on the customer's relationship with the Group, its creditworthiness and past settlement records.

As at 30 June 2016, the Group discounted certain bank acceptance bills to banks for cash proceeds and endorsed certain bank acceptance bills to suppliers for settling trade payables of the same amount on a full recourse basis, with an amount of RMB10,259,000 (2015: RMB7,866,000). In the opinion of the Directors, the Group has not transferred the substantial risks and rewards relating to these bank acceptance bills, and accordingly, it continued to recognise the full carrying amounts of these bill receivables and the associated trade payables settled, and has recognised the cash received on the transfer as a cash advances under discounted bills.

As at 30 June 2016, the Group discounted certain bank acceptance bills to banks for cash proceeds and endorsed certain bank acceptance bills to suppliers for settling trade payables of the same amount on a full recourse basis. The Group has derecognised these bill receivables and the payables to suppliers in their entirety. These derecognised bank acceptance bills had a maturity date of less than six months from the balance sheet date. In the opinion of the Directors, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers, and the Group has limited exposure in respect of the settlement obligation of these bill receivables under the relevant PRC rules and regulations should the issuing banks fail to settle the bills on maturity date. The Group considered the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable.

As at 30 June 2016, the Group's maximum exposure to loss and undiscounted cash outflow, which is same as the amount payable by the Group to banks or suppliers in respect of the discounted bills and endorsed bills, should the issuing banks fail to settle the bills on maturity date, amounted to RMB15,945,000 (2015: RMB38,860,000).

### (a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade and bill receivables (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Within 3 months	250,456	198,341
Over 3 months but less than 6 months	14,314	35,408
Over 6 months but less than 1 year	4	116
Over 1 year	42	369
	<b>264,816</b>	234,234

As at 30 June 2016, the Group's bill receivables with a carrying value of approximately RMB38,737,000 (2015: RMB46,035,000) has been pledged for issuance of bank acceptance bills.

# Notes to the Unaudited Interim Financial Report (Continued)

For the six months ended 30 June 2016

## 10. TRADE AND OTHER RECEIVABLES (Continued)

### (b) Trade and bill receivables that are not impaired

The ageing analysis of trade and bill receivables that are neither individually nor collectively considered to be impaired are as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Neither past due nor impaired	261,512	219,088
Less than 3 months past due	3,258	14,662
Over 3 months past due	46	484
	<b>3,304</b>	15,146
	<b>264,816</b>	234,234

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers for whom there is no recent history of default. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

## 11. PLEDGED DEPOSITS

Pledged deposits represented guarantee deposits for issuance of commercial bills.



# Notes to the Unaudited Interim Financial Report (Continued)

For the six months ended 30 June 2016

## 12. TRADE AND OTHER PAYABLES

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Trade and bill payables	523,228	430,279
Advances received from customers	22,837	35,506
Staff benefit payable	6,863	14,927
Payable for purchase of property, plant and equipment	53,649	56,073
Accrued charges and other payables	10,169	9,078
	<b>616,746</b>	545,863

As of the end of the reporting period, the ageing analysis of trade and bill payables (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Within 3 months	385,094	361,791
Over 3 months but within 6 months	95,649	64,575
Over 6 months but within 1 year	40,876	946
Over 1 year	1,609	2,967
	<b>523,228</b>	430,279

# Notes to the Unaudited Interim Financial Report (Continued)

For the six months ended 30 June 2016

## 13. INTEREST-BEARING BORROWINGS

At 30 June 2016, the interest-bearing borrowings were repayable based on scheduled repayment dates set out in the loan agreements as follow:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
<b>Current</b>		
Short-term secured bank loans	361,600	332,500
Unsecured bank loans	115,478	78,584
Bank advances under discounted bills	48,447	42,850
Current portion of non-current secured bank loans	61,953	33,728
	<b>587,478</b>	487,662
<b>Non-current</b>		
Secured bank loans	287,500	336,710
	<b>874,978</b>	824,372

(i) The Group's long-term bank loans were repayable as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Within 1 year	61,953	33,728
Over 1 year but less than 2 years	187,500	236,710
Over 2 years but less than 5 years	100,000	100,000
	<b>287,500</b>	336,710
	<b>349,453</b>	370,438

(ii) The Group's interest-bearing borrowings with amount of RMB145,000,000 (2015: RMB100,000,000) are subject to the fulfilment of financial covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. As at 30 June 2016 none of the covenants relating to drawn down facilities was breached.

# Notes to the Unaudited Interim Financial Report (Continued)

For the six months ended 30 June 2016

## 13. INTEREST-BEARING BORROWINGS (Continued)

- (iii) The secured bank loan as of 30 June 2016 bore interest at rates ranging from 4.03% to 6.88% (2015: 1.02% to 8.4%) per annum and were pledged by the following assets:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Carrying amounts of assets:		
Inventories	255,670	272,916
Property, plant and equipment	962,953	686,926
Lease prepayments	14,019	8,326
	<b>1,232,642</b>	968,168

- (iv) The unsecured bank loans as of 30 June 2016 bore interest at rates ranging from 0.40% to 1.37% (2015: 1.02% to 1.17%) per annum.

## 14. CAPITAL, RESERVE AND DIVIDENDS

### (a) Dividend

During the period ended 30 June 2016, no dividend was declared or distributed and the Directors of the Company have determined that no dividend will be paid in respect of the interim period.

### (b) Share capital

#### Authorised

	30 June 2016		31 December 2015	
	Number of shares	Amount HKD'000	Number of shares	Amount HKD'000
Ordinary shares of HKD0.1 each	5,000,000,000	500,000	5,000,000,000	500,000

# Notes to the Unaudited Interim Financial Report (Continued)

For the six months ended 30 June 2016

## 14. CAPITAL, RESERVE AND DIVIDENDS (Continued)

### (b) Share capital (Continued)

#### Ordinary shares issued and fully paid

	30 June 2016			31 December 2015		
	Number of shares '000	Amount HKD'000	RMB'000 equivalent	Number of shares '000	Amount HKD'000	RMB'000 equivalent
At 1 January and 30 June	811,116	81,111	73,687	811,116	81,111	73,687

## 15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

### (a) Financial assets and liabilities measured at fair value

#### (i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at 30 June 2016	Fair value measurements as at 30 June 2016 categorised into		
	RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
<i>Assets:</i>				
Derivative financial instruments:				
– Foreign exchange forward contracts	1,091	1,091	–	–
<i>Liabilities:</i>				
Derivative financial instruments:				
– Future contracts	(254)	(254)	–	–

# Notes to the Unaudited Interim Financial Report (Continued)

For the six months ended 30 June 2016

## 15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

### (a) Financial assets and liabilities measured at fair value (Continued)

#### (i) Fair value hierarchy (Continued)

	Fair value at	Fair value measurements as at		
	31 December 2015 RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
<i>Assets:</i>				
Derivative financial instruments:				
– Foreign exchange forward contracts	830	830	–	–
Available-for-sale investment	9,000	–	9,000	–
<i>Liabilities:</i>				
Derivative financial instruments:				
– Future contracts	(1,711)	(1,711)	–	–

### (b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at the end of reporting period.

## 16. CAPITAL COMMITMENTS

Capital commitments in respect of acquisition of property, plant and equipment at the end of reporting period not provided for in the interim financial report were as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Contracted for	13,652	40,547
	<b>13,652</b>	<b>40,547</b>

# Notes to the Unaudited Interim Financial Report (Continued)

For the six months ended 30 June 2016

## 17. OPERATING LEASE COMMITMENTS

Non-cancellable operating lease rentals in respect of staff dormitory and office building were payable as follows:

	<b>At 30 June 2016 RMB'000</b>	At 31 December 2015 RMB'000
Less than 1 year	<b>524</b>	665
Over 1 year but less than 5 years	<b>675</b>	1,059
	<b>1,199</b>	1,724

## 18. KEY MANAGEMENT PERSONNEL REMUNERATIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors of the Group. The key management personnel remunerations are as follows:

	<b>Six months ended 30 June</b>	
	<b>2016 RMB'000</b>	2015 RMB'000
Short-term benefits	<b>1,694</b>	1,750
Post-employment benefits	<b>21</b>	20
	<b>1,715</b>	1,770



# Notes to the Unaudited Interim Financial Report (Continued)

For the six months ended 30 June 2016

## 19. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

### Acquisition of a subsidiary

On 21 June 2016, Xingye Investment Holdings Limited, a subsidiary of the Group, entered into an agreement (the "Agreement") with Mobilefun Limited (the "Vendor"), an independent third party, to acquire 100% equity interest (the "Acquisition") of Funnytime Limited (the "Target Company").

Pursuant to the Agreement, the total nominal consideration payable by the Group includes initial nominal consideration of HKD186,000,000.20, which is subject to subsequent adjustments to be calculated based on the adjusted net income (as defined by the Sales and Purchase Agreement) of the Target Company in 2016, 2017 and 2018. The consideration shall be satisfied (i) as to HKD116,000,000 in cash; and (ii) as to HKD70,000,000.20 by way of allotment of 77,777,778 consideration shares (subject to adjustments).

On 5 August 2016, the Group made the first installment of cash payment of HKD97,400,000 as consideration for the Acquisition.

As at the date when the interim financial report is authorized, the Group has not completed its fair value measurement related to the Acquisition. Therefore, fair value of consideration, identifiable assets and liabilities on the acquisition date is not available and the initial accounting of the Acquisition is incomplete.

# Management Discussion and Analysis

## BUSINESS REVIEW AND PROSPECTS

During the first half year of 2016, the situation of global economics, politics and geography became increasingly complex and contradictory, resulting in uncertainty of economic recovery. Chinese government put more strength into the supply side reform. However, China's economy will remain at a moderate growth for a period of time, supply side reform will continue to be strengthened, the economic transformation will be firmly implemented, and the development of manufacturing towards middle and high end products becomes the trend. During the reporting period, the prices of nonferrous metals (i.e. copper, zinc and nickel, etc.) remained stable and slightly rebounded after hitting a new low in January within the past seven years. However, considering the absence of substantial improvement in the demand on nonferrous metals and the continuous strong performance of US dollars, we do not expect an outstanding performance for copper price in the second half of the year.

In the first half of 2016, in view of such complicated macro-economic environment and the fact that the domestic copper plates and strips processing industry is going through a difficult period of adjustment and transformation. Adhering to the work direction for the year 2016 as “enhancing production, increasing income, reducing cost and steady development”, the Group grasped the opportunities of industrial adjustment and achieved new breakthrough on the Group's sales and production volume with the joint efforts from the management and employees. The Group recorded a significant increase in profit as compared with the same period of last year. Detailed measurements are as follows:

**Increasing production:** during the reporting period, the new production line of the Group has been under the stage of trial production. With the operation of advanced equipments, the Group took the opportunities of transformation and upgrading of the copper processing industry. Through continuous research, development and innovation, the quality of products with high additional value such as lead frame copper strips has been significantly improved, and thus, the Group entered the procurement list of some international clients. Particularly, the scale-up manufacturing of copper strips used in the special industries led to the increase of production volume, sales and profit of the Group.

**Income increment and cost reduction:** The Group proactively innovated techniques for traditional products, shortened and optimized technical procedures. The large fold high-precision production had been achieved by small-scale of technical upgrades which resulted in reduction of both production and operation costs. The Group also positively promoted renovation of production method to achieve the purpose of improving efficiency with fewer employees.

**Steady development:** The Group implemented stable financial policies to control risks.

The Group adjusted development strategies during the reporting period, with the steady development of the copper plates and strips processing business, the Group will enter into the online game industry in the second half of the year. The Board of the Group approved the acquisition of Funnytime Limited during the reporting period. Details of the acquisition are set out in note 19 to the unaudited interim financial report.

The management of the Group believes that under the favorable development trend in the first half of the year, with the optimization of a series of fundamental tasks together with the efforts of all employees, the copper plates and strips business of the Group in the second half of the year will again achieve stable growth and performance. The management of the Group also believes that the newly acquired online game business will also be able to bring promising results to support the stable growth and performance of the Group.

# Management Discussion and Analysis

## FINANCIAL REVIEW

### Revenue and gross profit

The Group's revenue for the six months ended 30 June 2016 amounted to RMB1,492.8 million, representing an increase of 1.1% compared to RMB1,476.0 million of the corresponding period in 2015. Sales generated from the sales of high precision copper plates and strips, provision of processing services and trading of raw materials amounted to RMB1,397.4 million, RMB70.4 million and RMB25.0 million respectively (for the six months ended 30 June 2015: RMB1,277.7 million, RMB71.9 million and RMB126.4 million respectively). For the six months ended 30 June 2016, 93.6%, 4.7% and 1.7% of total revenue was derived from the sales of high precision copper plates and strips, provision of processing services and trading of raw materials respectively (for the six months ended 30 June 2015: 86.6%, 4.9% and 8.5% respectively). The volume sales of high precision copper plates and strips, provision of processing services and trading of raw material were 40,792 tonnes, 13,633 tonnes and 2,569 tonnes respectively, making 71.6%, 23.9% and 4.5% of the total.

There is no significant increase of revenue of the reporting period as compared with that of the corresponding period of last year; however the sales volume of high precision copper plates and strips has been increased to 40,792 tonnes, representing an increase of 29.8%, compared to 31,417 tonnes of the corresponding period of 2015.

The overall gross margin of the Group for the period under review increased to 14.3% from 8.7% of the corresponding period in 2015, which was mainly due to the sales volume increase of products with higher gross margin.

### Other income

During the six months ended 30 June 2016, the Group's other income amounted to RMB14.1 million in total, representing a decrease of 52.0% compared to RMB29.4 million of the corresponding period of last year, which was mainly attributable to a decrease of government grants of RMB4.6 million and a decrease of gain on metal future contracts of RMB8.5 million.

### Distribution expenses

For the six months ended 30 June 2016, the ratio of distribution expenses to revenue rose to 1.12% as compared to 0.89% of the corresponding period of last year. The transportation expenses increased in line with the increase of sales volume for the six months ended 30 June 2016.

### Administrative expenses

For the six months ended 30 June 2016, the Group's administrative expenses increased by 15.5% to RMB104.3 million from RMB90.3 million in the same period of last year, which was attributable to an increase in research and development expenses by RMB7.6 million to RMB65.7 million from RMB58.1 million of the corresponding period of last year.

### Other expenses

For the six months ended 30 June 2016, the Group recorded RMB16.2 million in other expenses, while recording other expenses of RMB1.6 million for the corresponding period of last year. Such increase was mainly due to the impairment loss of property, plant and equipment RMB15.1 million.

# Management Discussion and Analysis

## Net finance costs

The Group's net finance costs for the six months ended 30 June 2016 amounted to RMB21.7 million, representing an increase of 60.7% compared to that of RMB13.5 million of the corresponding period of last year, which was mainly due to net foreign exchange loss of RMB7.4 million for the six months ended 30 June 2016.

## Income tax

For the six months ended 30 June 2016, the Group's income tax expense was RMB11.6 million (corresponding period of last year: RMB6.1 million). Ningbo Xingye Shengtai Group Ltd. was certified as a "High Technology and Innovative Enterprise" in October 2014 and entitled to the preferential income tax rate of 15% instead of the statutory income tax rate of 25% since then. The Group's consolidated effective tax rate for the six months ended 30 June 2016 was 17% (six months ended 30 June 2015, 15%). The increase on the effective tax rate was mainly due to increase in taxable profits of those subsidiaries with higher applicable income tax rate of 25%.

## Profit attributable to owners of the Company

The profit attributable to owners of the Company for the six months ended 30 June 2016 amounted to RMB55.3 million, representing an increase of RMB23.4 million compared to that of RMB31.9 million of the corresponding period of last year.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2016, the Group recorded net current liabilities of RMB21.7 million, which was primarily due to capital expenditure made in current period under review being 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 67.1% as at 30 June 2016. As at the date of this announcement, 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 at 30 June 2016, 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 of RMB479.5 million that will not expire within 12 months from 30 June 2016 (including long term loan facilities amounted to RMB165.6 million effective until 2017) and cash at banks of RMB256.2 million (comprised pledged deposits of RMB52.8 million and cash and cash equivalents of RMB203.4 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.



# Management Discussion and Analysis

As at 30 June 2016, the Group had outstanding bank loans of approximately RMB875.0 million, of which RMB587.5 million shall be repaid within 1 year. As at 30 June 2016, 81.3% of the Group's debts was on secured basis.

The gearing ratio as at 30 June 2016 was 44.6% (31 December 2015: 44.1%), which is calculated as net debt divided by total capital. Net debt is calculated as total debt (including all interest-bearing borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as equity attributable to shareholders of the Company as shown in the consolidated statement of financial position plus net debt.

## **Charge on assets**

As at 30 June 2016, the Group pledged assets with an aggregate carrying value of approximately RMB1,232.6 million (31 December 2015: RMB968.2 million) to secure bank loans and facilities of the Group.

## **Capital expenditure**

For the six months ended 30 June 2016, the Group has invested approximately RMB77.8 million for purchase of property, plant and equipment. These capital expenditures were financed by bank borrowings.

## **Capital commitments**

As at 30 June 2016, the Group had contracted but not provided for future capital expenditures amounting to RMB13.7 million.

## **Contingent liabilities**

As at 30 June 2016, the Group did not have any significant contingent liabilities.

# Management Discussion and Analysis

## 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 made such purchases at market prices. In addition, sales of all products of the Group were 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 RMB7.5 million for the six months ended 30 June 2016, which was approximately RMB16.0 million in the corresponding period of last year.

### 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 raises 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.

### 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 the period under review, the Group had recorded a net foreign exchange loss of RMB7.4 million while recording a net gain of RMB2.1 million for the corresponding period in 2015.

## Employees

As at 30 June 2016, the total number of the Group's employees was 1,173 (31 December 2015: 1,192). 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. The Group's business growth depends on its employees' skills and contributions. The Group believes in the important position of human resources in a highly competitive industry and has devoted resources for 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 2016, 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 of Hong Kong Limited (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 (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

### Interest in Long Position in Shares of HK\$0.10 each of the Company

Name of Directors	Capacity	Number of ordinary shares held	Approximate percentage of shareholding (Note 1)
Hu Changyuan	Founder of a discretionary trust	265,200,000 (Note 2)	32.70%
Hu Minglie	Beneficial owner	400,000	0.05%
Chen Jianhua	Beneficial owner	1,480,000	0.18%
Wang Jianli	Beneficial owner	1,060,000	0.13%
Ma Wanjun	Beneficial owner	1,060,000	0.13%
Chai Chaoming	Beneficial owner	134,000	0.02%
Lu Hong	Beneficial owner	200,000	0.02%

*Notes:*

1. The percentages are calculated based on the total issued number of shares of 811,115,950 as at 30 June 2016.
2. These 265,200,000 shares were held by Luckie Strike Limited and Come Fortune International Limited which were 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 Changyuan. Mr. Hu Changyuan was deemed to be interested in these shares pursuant to the SFO.

Save as disclosed above, as at 30 June 2016, none of the Directors or chief executive of the Company held or was deemed to hold any interests or short positions in the shares, underlying shares and debentures 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.

## SHARE OPTION SCHEME

The Company adopted a share option scheme on 1 December 2007 (the “2007 Share Option Scheme”) which was terminated by shareholders at the extraordinary general meeting of the Company held on 27 May 2016. No further options should thereafter be granted under the 2007 Share Option Scheme. Details of 2007 Share Option Scheme were set out in the published annual report of the Company for the year ended 31 December 2015. During the period under review, no options were granted, exercised, lapsed, cancelled or outstanding under the 2007 Share Option Scheme.

A new share option scheme had been adopted by shareholders at the extraordinary general meeting of the Company held on 27 May 2016 (the “2016 Share Option Scheme”), under which the Board may, of its discretion, offer any eligible persons (as defined in the 2016 Share Option Scheme) options to subscribe for shares of the Company subject to the terms and conditions stipulated therein. The 2016 Share Option Scheme has a life of 10 years from the date of adoption. During the period under review, no options were granted, exercised, lapsed, cancelled or outstanding under the 2016 Share Option Scheme.

## SHARE AWARD SCHEME

As announced by the Company on 18 April 2016, the Board resolved to adopt a share award scheme (the “Share Award Scheme”) in which Employees (other than Excluded Employees) may be selected by the Board to participate. The purpose of the Scheme is to permit the Company to grant Awards to Selected Employees as incentives for their contributions to the Group and to attract suitable personnel for further development of the Group. The maximum number of shares that may be awarded under the Share Award Scheme during its term is limited to 20% of the total issued shares of the Company as at the Adoption Date. The maximum number of Awarded Shares that may be granted to any one Selected Employee shall not exceed 5% of the total issued shares of the Company as at the Adoption Date. Pursuant to the Share Award Scheme, shares will be subscribed for at a subscription price as determined by the Board, or purchased on the Stock Exchange, by the trustee at the cost of the Company and will be held by the Trustee on trust for Selected Employee(s) under the Share Award Scheme before vesting. The Share Award Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules, and is a discretionary scheme of the Company.

As announced by the Company on 5 May 2016, the maximum number of new shares to be issued by the Company in respect of any financial year of the Company for satisfying the Awarded Shares granted under the Share Award Scheme will be limited to 2% (i.e. 16,222,319 shares) of the total issued shares of the Company as at Adoption Date. The maximum number of new shares to be issued by the Company in respect of any 12-month period for satisfying the Awarded Shares granted to any one Selected Employee under the Share Award Scheme will not exceed 1% (i.e. 8,111,159 shares) of the total issued shares of the Company as at the Adoption Date.

Since the Adoption Date and up to 30 June 2016, no new shares had been subscribed by the Trustee and a total of 1,140,000 shares of the Company were acquired by the Trustee pursuant to the rules and trust deed of the Share Award Scheme and no shares had been awarded to Selected Employee(s) under the Share Award Scheme. Accordingly, as at 30 June 2016, there were 1,140,000 shares held in trust under the Share Award Scheme.

Unless otherwise defined in this section, the capitalized terms used in this section shall have the same meanings as those defined in the announcements made by the Company on 18 April 2016 and 5 May 2016 relating to the Share Award Scheme.

# Other Information

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2016, the following persons or corporations (other than Directors or chief executive of the Company) 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	Number of Underlying Shares	Approximate percentage of shareholding (Note 1)
Luckie Strike Limited	Beneficial owner	110,000,000 (L)	–	13.56%
Come Fortune International Limited	Beneficial owner	155,200,000 (L)	–	19.13%
Dynamic Empire Holdings Limited (Note 2)	Interest of a controlled corporation	265,200,000 (L)	–	32.69%
Barclays Wealth Trustees (Singapore) Limited (Note 2)	Trustee (other than a bare trustee)	265,200,000 (L)	–	32.69%
Barclays Plc (Note 3)	Interest of a controlled corporation	2,000 (S) 307,000 (L)	– 2,000 (L)	0.000% 0.004%
	Trustee (other than a bare trustee)	265,200,000 (L)	–	32.69%
Yu Yuesu (Note 4)	Interest of spouse	265,200,000 (L)	–	32.69%
Mobilefun Limited (Note 5)	Beneficial owner	–	77,777,778 (L)	9.59%
Ren Hao (Note 5)	Interest of a controlled corporation	–	77,777,778 (L)	9.59%

The letter “S” denotes a short position in the share

The letter “L” denotes a long position in the share

Notes:

- The percentages are calculated based on the total issued shares of 811,115,950 as at 30 June 2016.
- The shares were held by Luckie Strike Limited and Come Fortune International Limited which were 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 (now known as Zedra Trust Company (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 (now known as Zedra Trust Company (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 were 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” above.



## Other Information

3. Barclays Plc, through its 100% controlled corporations, is interested in (i) an aggregate of 265,509,000 shares (including unlisted derivative interests of 2,000 shares with cash settled and (ii) 2,000 shares in short position). Among them, 265,200,000 shares were held by Barclays Wealth Trustees (Singapore) Limited (now known as Zedra Trust Company (Singapore) Limited) as trustee. Barclays Wealth Trustees (Singapore) Limited (now known as Zedra Trust Company (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 (now known as Zedra Trust Company (Singapore) Limited) was interested by virtue of the SFO.
4. Ms. Yu Yuesu is deemed to be interested in these shares under the SFO by virtue of being the spouse of Mr. HU Changyuan.
5. These 77,777,778 underlying shares are held by Mobilefun Limited ("Mobilefun") which in turn is 42% controlled by Mr. Ren Hao ("Mr. Ren"). Accordingly, Mr. Ren is deemed to have interest in 77,777,778 underlying shares of the Company held by Mobilefun under the SFO. Pursuant to the sale and purchase agreement dated 21 June 2016 entered into between a subsidiary of the Company, Mobilefun, Mr. Ren and others in relation to the acquisition of entire share capital in Funnytime Limited (the "Acquisition") involving the issue of 77,777,778 consideration shares. The Acquisition had been completed on 5 August 2016 and the 77,777,778 potential shares which will be issuable to Mobilefun in accordance with the schedule set out in the announcement of the Company dated 21 June 2016. Details of the Acquisition and the said consideration shares are set out in the announcements of the Company dated 21 June 2016 and 5 August 2016.

Save as disclosed herein, as at 30 June 2016, 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 paragraphs headed "Share Option Scheme" and "Share Award Scheme", 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.

### AUDIT COMMITTEE

The audit committee of the Board 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 for the period under review prepared in accordance with the International Financial Reporting Standards.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules 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 2016.

# Other Information

## **PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

During the six months ended 30 June 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed shares of the Company except that the trustee of the Share Award Scheme, pursuant to the terms of the rules and deed of settlement of the Share Award Scheme, purchased on the Stock Exchange a total of 1,140,000 shares of the Company at an aggregate consideration of about RMB920,000.

## **INTERIM DIVIDEND**

The Board does not declare the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

## **CHANGES OF DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES**

To the best of directors' knowledge, there is no change of directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the disclosure made in the annual report of the Company for the year ended 31 December 2015 up to the date of this interim report.

By order of the Board

**Xingye Copper International Group Limited**

**Hu Changyuan**

*Chairman*

Hong Kong, 26 August 2016