



COSLIGHT TECHNOLOGY INTERNATIONAL GROUP LIMITED

Incorporated in Bermuda with limited liability

Stock Code : 1043



INTERIM
REPORT
2016



CORPORATE INFORMATION

DIRECTORS

Executive

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

Independent Non-executive

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

QUALIFIED ACCOUNTANT AND COMPANY SECRETARY

Mr. NG Kar Keung, CPA

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Dr. YIN Ge Ping
Mr. LI Zeng Lin
Mr. ZHANG Li Ming

NOMINATION COMMITTEE

Mr. SONG Dian Quan
Mr. XIAO Jian Min
Mr. LI Zeng Lin

LEGAL ADVISER

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

AUDITOR

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
China Construction Bank (Asia)
Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Notes	Six months ended 30 June	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Revenue	4	2,419,163	1,658,130
Cost of sales		(1,969,084)	(1,390,546)
Gross profit		450,079	267,584
Other income		29,805	18,157
Loss on disposal of subsidiaries	6	–	(7,367)
Distribution and selling expenses		(52,233)	(48,345)
Administrative and other operating expenses		(224,803)	(196,371)
Finance costs	5	(75,047)	(59,354)
Share of results of associates		64,811	59,654
Profit before tax	8	192,612	33,958
Income tax expense	9	(53,650)	(14,206)
Profit for the period		138,962	19,752
Profit for the period attributable to:			
Owners of the Company		126,004	20,157
Non-controlling interests		12,958	(405)
		138,962	19,752
Earnings per share	11		
– Basic and diluted		RMB31.52 cents	RMB4.99 cents



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Profit for the period	138,962	19,752
Other comprehensive (loss) income for the period		
Items that may be subsequently reclassified to profit or loss:		
Exchange difference arising on translation of foreign operations	2,365	(7,727)
Share of exchange difference reserve of associates	1,338	8,190
Reversal of deferred tax liability in respect of realisation on depreciation of property, plant and equipment	27	38
Other comprehensive income for the period	3,730	501
Total comprehensive income for the period	142,692	20,253
Total comprehensive income for the period attributable to:		
Owners of the Company	129,302	20,461
Non-controlling interests	13,390	(208)
	142,692	20,253



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	12	2,135,315	2,053,767
Mining rights		–	–
Other intangible assets		7,333	8,560
Goodwill		–	–
Prepaid lease payments		154,308	156,128
Deposits paid for acquisition of land		9,728	9,728
Interests in associates	13	364,097	343,898
Deposits paid for finance leases		55,216	59,010
Deferred tax assets		25,023	27,317
		2,751,020	2,658,408
Current assets			
Inventories		1,558,815	1,416,942
Trade and other receivables	14	3,318,653	2,388,561
Prepaid lease payments		3,705	3,705
Amounts due from directors	18	369	360
Amounts due from related companies	18	110,591	83,805
Amounts due from non-controlling interests	18	–	308
Amounts due from associates	18	87,114	68,029
Financial assets at fair value through profit or loss		–	14,100
Pledged bank deposits		573,790	491,128
Bank balances and cash		327,067	235,164
		5,980,104	4,702,102
Current liabilities			
Trade and other payables	15	3,596,930	2,707,481
Amounts due to directors	18	2,803	2,521
Amounts due to related companies	18	197,065	180,981
Amounts due to non-controlling interests	18	1,852	1,475
Amounts due to associates	18	663,467	535,969
Tax payables		42,858	31,826
Bank borrowings	16	1,346,107	1,227,246
Obligations under finance leases		334,676	264,335
		6,185,758	4,951,834
Net current liabilities		(205,654)	(249,732)
Total assets less current liabilities		2,545,366	2,408,676



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2016

	Notes	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
Capital and reserves			
Share capital	17	42,012	42,012
Reserves		1,895,627	1,776,735
Equity attributable to owners of the Company		1,937,639	1,818,747
Non-controlling interests		175,679	162,367
Total equity		2,113,318	1,981,114
Non-current liabilities			
Deferred tax liabilities		33,599	33,626
Obligations under finance leases		222,812	273,314
Deferred government grants		175,637	120,622
		432,048	427,562
		2,545,366	2,408,676



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

Attributable to owners of the Company

	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Statutory reserves RMB'000	Revaluation reserve RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Accumulated profits RMB'000	Total RMB'000	Non-controlling shareholder RMB'000	Total RMB'000
At 1 January 2016 (Audited)	42,012	114,092	92,545	365,725	90,195	(89,776)	(89,567)	1,293,521	1,818,747	162,367	1,981,114
Profit for the period	-	-	-	-	-	-	-	126,004	126,004	12,958	138,962
Other comprehensive income for the period											
Exchange difference arising on translating of foreign operations	-	-	-	-	-	1,933	-	-	1,933	432	2,365
Share of exchange reserve of associates	-	-	-	-	-	1,338	-	-	1,338	-	1,338
Reversal of deferred tax liability in respect of realisation on depreciation of property, plant and equipment	-	-	-	-	27	-	-	-	27	-	27
Total comprehensive income for the period	-	-	-	-	27	3,271	-	126,004	129,302	13,390	142,692
Change in ownership interests in subsidiary that do not result in loss of control	-	-	-	-	-	-	(10,410)	-	(10,410)	(78)	(10,488)
Realised on depreciation of property, plant and equipment	-	-	-	-	(1,081)	-	-	1,081	-	-	-
At 30 June 2016 (Unaudited)	42,012	114,092	92,545	365,725	89,141	(86,505)	(99,977)	1,420,606	1,937,639	175,679	2,113,318
At 1 January 2015 (Audited)	42,377	121,527	92,545	353,396	54,040	(100,809)	(49,753)	1,298,456	1,811,779	67,393	1,879,172
Profit for the period	-	-	-	-	-	-	-	20,157	20,157	(405)	19,752
Other comprehensive income for the period											
Exchange difference arising on translating of foreign operations	-	-	-	-	-	(7,924)	-	-	(7,924)	197	(7,727)
Share of exchange reserve of associates	-	-	-	-	-	8,190	-	-	8,190	-	8,190
Reversal of deferred tax liability in respect of realisation on depreciation of property, plant and equipment	-	-	-	-	38	-	-	-	38	-	38
Total comprehensive income for the period	-	-	-	-	38	266	-	20,157	20,461	(208)	20,253
Change in ownership interests in subsidiary that do not result in loss of control	-	-	-	-	-	-	2,985	-	2,985	39,708	42,693
Deemed disposal of subsidiaries	-	-	-	-	-	-	-	-	-	1,821	1,821
Realised on depreciation of property, plant and equipment	-	-	-	-	(1,507)	-	-	1,507	-	-	-
At 30 June 2015 (Unaudited)	42,377	121,527	92,545	353,396	52,571	(100,543)	(46,768)	1,320,120	1,835,225	108,714	1,943,939



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Cash generated from (used in) operations		
Increase in inventories	(141,873)	(283,432)
Increase in trade and other receivables	(929,139)	(314,978)
Decrease in financial assets at fair value through profit or loss	14,100	–
Increase in trade and other payables	888,927	326,347
Other operating cash flows	288,678	94,827
	120,693	(177,236)
Income tax paid	(39,243)	(20,521)
Net cash from (used in) operating activities	81,450	(197,757)
Net cash used in investing activities		
Purchases of property, plant and equipment	(183,301)	(116,934)
Placement of pledged bank deposits	(717,043)	(592,360)
Withdrawal of pledged bank deposits	634,381	600,914
Other investing cash flows	6,232	7,360
	(259,731)	(101,020)



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Net cash from financing activities		
New bank borrowings raised	1,029,283	1,003,464
Proceeds from sales and leaseback	165,582	192,728
Advance from associates	127,498	91,277
Repayments of bank borrowings	(913,215)	(905,196)
Repayments of obligations under finance leases	(140,341)	(52,407)
Other financing cash flows	1,244	(52,781)
	270,051	277,085
Net increase (decrease) in cash and cash equivalents	91,770	(21,692)
Cash and cash equivalents at beginning of period	235,164	250,894
Effect of foreign exchange rate changes	133	(1,000)
Cash and cash equivalents at 30 June, represented by bank balances and cash	327,067	228,202



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

1. GENERAL INFORMATION

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

The consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company and its People’s Republic of China (the “PRC”) subsidiaries. Other than those PRC subsidiaries, the functional currency of those subsidiaries established in India is denoted in Indian Rupee (“INR”).

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

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 June 2016 have been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

These condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”).



3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial assets at fair value through profit or loss which are measured at revalued amounts, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015 except as described below.

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

The application of the new and revised HKFRSs in the current period has had no material effect on the Group's financial performance and position for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.



3. PRINCIPAL ACCOUNTING POLICIES (*CONTINUED*)

Annual Improvements to HKFRSs 2012 – 2014 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 clarify that changing from one of the disposal methods (i.e. disposal through sale or disposal through distribution to owners) to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in HKFRS 5. Besides, the amendments also clarify that changing the disposal method does not change the date of classification.

The amendments to HKFRS 7 clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the additional disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety are required. Besides, the amendments to HKFRS 7 also clarify that disclosures in relation to offsetting financial assets and financial liabilities are not required in the condensed interim financial report, unless the disclosures provide a significant update to the information reported in the most recent annual report.

The amendments to HKAS 19 clarify that the market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligations located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.



3. PRINCIPAL ACCOUNTING POLICIES *(CONTINUED)*

Annual Improvements to HKFRSs 2012 – 2014 Cycle *(Continued)*

HKAS 34 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. The amendments to HKAS 34 clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

The application of the amendments included in the Annual Improvements to HKFRSs 2012-2014 Cycle has had no material impact on the disclosures or on the amounts recognised in the Group's condensed consolidated financial statements.

Amendments to HKAS 1 Disclosure Initiative

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contains a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.



3. PRINCIPAL ACCOUNTING POLICIES *(CONTINUED)*

Amendments to HKAS 1 Disclosure Initiative *(Continued)*

Furthermore, the amendments clarify that:

- (i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and
- (ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The application of Amendments to HKAS 1 has had no material impact on the disclosures or on the amounts recognised in the Group's condensed consolidated financial statements.

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments to HKAS 27 allow an entity to apply the equity method to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. As a result of the amendments, the entity can choose to account for these investments either:

- (i) at cost;
- (ii) in accordance with HKFRS 9 (or HKAS 39); or
- (iii) using the equity method as described in HKAS 28.

As the Company does not issue separate financial statements for investments in associates, the application of amendments to HKAS 27 has had no material impact on the disclosures or on the amounts recognised in the Group's condensed consolidated financial statements.



3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 Investment Entities: Applying the Consolidation Exception

The amendments clarify the requirements when accounting for investment entities as well as provide relief in particular circumstances, which will reduce the costs of applying the Standards. Specifically, a parent entity that is a subsidiary of an investment entity is exempted from preparing consolidated financial statements. A parent entity which is also a subsidiary of an investment entity and hold interests in associates and joint ventures is exempted from applying equity method if it meets all the conditions stated in paragraph 4(a) of HKFRS 10.

Besides, the amendments clarify if an investment entity has a subsidiary that is not itself an investment entity and whose main purpose and activities are providing investment-related services that relate to the investment entity's investment activities to the entity or other parties, it should consolidate that subsidiary. If the subsidiary that provides the investment-related services or activities is itself an investment entity, the investment entity parent should measure that subsidiary at fair value through profit or loss. If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when apply the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

Furthermore, if a parent that is an investment entity and has measured all of its subsidiaries at fair value through profit or loss, that investment entity should present the disclosures relating to investment entities required by HKFRS 12 in its financial statements. If an investment entity has consolidated its subsidiary in which the subsidiary itself is not an investment entity and whose main purpose and activities are providing services that relate to the investment activities of its investment entity parent, the disclosure requirements in HKFRS 12 apply to financial statements in which the investment entity consolidates that subsidiary.

As the Company does not have any investment in investment entities, the application of Amendments to HKFRS 10, HKFRS 12 and HKAS 28 has had no material impact on the disclosures or on the amounts recognised in the Group's condensed consolidated financial statements.



4. SEGMENT INFORMATION

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

Principal activities are as follows:

- | | | |
|--|---|--|
| Sealed lead acid batteries and related accessories | – | manufacture and sale of sealed lead acid batteries and related accessories |
| Lithium-ion batteries | – | manufacture and sale of lithium-ion batteries |
| Nickel batteries | – | manufacture and sale of nickel batteries |
| Others | – | manufacture and sale of signal strength systems, electric and automation system, motor vehicle, pharmaceutical products and online game services |

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



4. SEGMENT INFORMATION (CONTINUED)

(a) Segment revenue and results (Continued)

For the six months ended 30 June 2015 (Unaudited)

	Sealed lead acid batteries and related accessories RMB'000	Lithium-ion batteries RMB'000	Nickel batteries RMB'000	Others RMB'000	Elimination RMB'000	Consolidated RMB'000
Revenue						
External sales	343,300	1,090,643	60,756	163,431	-	1,658,130
Inter-segment sales	39,692	466,174	2,598	6,313	(514,777)	-
Total	382,992	1,556,817	63,354	169,744	(514,777)	1,658,130
Results						
Segment (loss) profit	(56,136)	77,318	4,290	15,488	-	40,960
Unallocated operating income and expenses						(3,391)
Loss on disposal of subsidiaries						(7,367)
Bank interest income						3,456
Finance costs						(59,354)
Share of results of associates						59,654
Profit before tax						33,958

Segment profit (loss) represents the profit (loss) from each segment without allocation of central administration costs, directors' emoluments, imputed interest income on deposits paid for finance leases and other receivables, bank interest income and certain other income, loss on disposal of subsidiaries, finance costs and share of results of associates. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

4. SEGMENT INFORMATION (*CONTINUED*)

(b) Segments assets and liabilities

The following tables present segment assets and liabilities of the Group's operating segments as at 30 June 2016 and 31 December 2015:

As at 30 June 2016 (Unaudited)

	Sealed lead acid batteries and related accessories RMB'000	Lithium-ion batteries RMB'000	Nickel batteries RMB'000	Others RMB'000	Consolidated RMB'000
ASSETS					
Segment assets	1,813,203	4,549,210	90,328	584,816	7,037,557
Interests in associates					364,097
Unallocated assets					1,329,470
Consolidated assets					8,731,124
LIABILITIES					
Segment liabilities	334,734	3,077,494	62,467	283,069	3,757,764
Unallocated liabilities					2,860,042
Consolidated liabilities					6,617,806



4. SEGMENT INFORMATION (CONTINUED)

(b) Segments assets and liabilities (Continued)

As at 31 December 2015 (Audited)

	Sealed lead acid batteries and related accessories RMB'000	Lithium-ion batteries RMB'000	Nickel batteries RMB'000	Others RMB'000	Consolidated RMB'000
ASSETS					
Segment assets	1,750,700	3,681,991	90,212	533,339	6,056,242
Interests in associates					343,898
Unallocated assets					960,370
Consolidated assets					7,360,510
LIABILITIES					
Segment liabilities	300,429	2,219,411	64,944	226,957	2,811,741
Unallocated liabilities					2,567,655
Consolidated liabilities					5,379,396

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than interests in associates, deferred tax assets, amounts due from directors/related companies/non-controlling interests/associates, financial assets at fair value through profit or loss, pledged bank deposits, bank balances and cash and other corporate assets; and
- all liabilities are allocated to operating segments other than amounts due to directors/related companies/non-controlling interests/associates, obligations under finance leases, tax payables, bank borrowings, deferred tax liabilities and other corporate liabilities.



5. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interests on:		
– bank borrowings wholly repayable within five years	54,874	55,290
– obligations under finance leases	20,173	4,064
	75,047	59,354

6. DISPOSAL OF SUBSIDIARIES

During the six months ended 30 June 2015, the Group entered into sale agreements to dispose of two subsidiaries of the Group, 伊春光宇投資有限公司 and 河南光宇礦業有限公司, to independent third parties for a total consideration of RMB4,000,000.

The net assets of those disposed subsidiaries at their respective dates of disposal were as follows:

	RMB'000
	(Unaudited)
Net assets disposed of	9,546
Non-controlling interest	1,821
	11,367
Loss on disposal of subsidiaries	(7,367)
Total cash consideration	4,000
Net cash inflow arising on disposal	
Cash consideration received	4,000
Bank balances and cash disposed of	(25)
	3,975



6. DISPOSAL OF SUBSIDIARIES (*CONTINUED*)

The subsidiaries disposed of had no significant impact on the results and cash flows of the Group for the six months ended 30 June 2015. No disposal of subsidiary during the six months ended 30 June 2016.

7. ACQUISITION/DISPOSAL OF NON-CONTROLLING INTERESTS

During the six months ended 30 June 2016, the Group acquired an additional 1.58% equity interest in Coslight Infra Company Private Limited (“CICP”) by capital injection of approximately RMB10,488,000. This resulted in an increase in the Group’s equity interest in CICP from 96.72% to 98.30%. Approximately RMB78,000, representing the difference between the carrying amounts of the additional 1.58% equity interest in CICP and the amount of capital injected, was transferred from non-controlling interests to other reserve. The changes in its ownership interest do not result in a loss of control.

During the year ended 31 December 2014, the Group entered into sale and purchase agreements in regarding to the disposal of 8.20% equity interest on a subsidiary 哈爾濱光宇電源股份有限公司 to independent third parties, for a cash consideration of RMB42,693,000. The amount was fully settled in cash and the transaction was completed during the six months ended 30 June 2015.



8. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Depreciation of property, plant and equipment	98,449	68,815
Amortisation of other intangible assets (included in administrative expenses)	1,227	38
Amortisation of prepaid lease payments (included in administrative expenses)	1,820	1,679
Impairment loss on trade receivables	–	16,783
Reversal of impairment on trade and other receivables	(1,091)	(2,854)
Reversal of impairment on amounts due from a related company	(482)	–
Interest income	(2,817)	(3,456)
Written off of property, plant and equipment	–	18
Deferred income in respect of government grants	(2,267)	(1,341)
(Gain) loss on disposal of property, plant and equipment	(5,392)	199
Net exchange loss (gain), net	3,805	(3,713)



9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Current tax:		
PRC Enterprise Income Tax	55,944	16,337
Deferred tax	(2,294)	(2,131)
	53,650	14,206

10. INTERIM DIVIDEND

No dividends were paid, declared or proposed during the reporting periods. The directors of the Company do not recommend the payment of an interim dividend (six months ended 30 June 2015: nil).

11. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to owners of the Company for the period of approximately RMB126,004,000 (six months ended 30 June 2015: RMB20,157,000) and the weighted average number of ordinary shares of 399,734,000 (six months ended 30 June 2015: 404,180,000) in issue during the period.

Since there were no potential dilutive shares in issue during the six months ended 30 June 2016 and 2015, basic and diluted earnings per share are the same for both periods.



12. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB183,301,000 (six months ended 30 June 2015: approximately RMB121,002,000) on additions to property, plant and equipment. None of the net carrying value of property, plant and equipment being written off during the period (six months ended 30 June 2015: approximately RMB18,000).

During the period, net carrying value of property, plant and equipment amounted to approximately RMB7,608,000 (six months ended 30 June 2015: RMB1,623,000) were disposed of, with gain on disposal on property, plant and equipment RMB5,392,000 was recognised in profit or loss (six months ended 30 June 2015: loss on disposal RMB199,000).

In the opinion of the directors of the Company, the aggregate carrying amount of the Group's buildings, plant and machinery, furniture, fixtures and equipment and motor vehicles as at 30 June 2016 that is carried at revalued amount does not differ significantly from their estimated fair value. Consequently, no revaluation surplus or deficit has been recognised in the current period.

13. INTERESTS IN ASSOCIATES

	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
Costs of investments in unlisted associates	36,320	33,380
Share of post-acquisition profit and other comprehensive income	327,777	310,518
	364,097	343,898

On 4 February 2016, the Group jointly incorporated 秦皇島科斯特新能源汽車製造有限公司 in the PRC which engages in manufacture and sale of automobile and related accessories with 北京光宇在綫科技有限責任公司 (“北京在綫”), a related company of the Group. The Group owned 49% equity interests and the investment cost of the 49% equity interests is approximately RMB2,940,000.



14. TRADE AND OTHER RECEIVABLES

	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
Trade and bills receivables	2,876,214	1,980,165
Less: impairment loss recognised	(119,956)	(121,047)
	2,756,258	1,859,118
Other receivables	562,395	529,443
	3,318,653	2,388,561

The Group allows credit period ranging from 90 to 270 days (2015: 90 to 270 days) to its trade customers. The Group granted a longer credit period to individual customers based on financial strength of customers to maintain the loyal customers. The following is an ageing analysis of trade and bills receivables net of impairment loss recognised on trade and bills receivables presented based on invoice date at the end of the reporting period.

	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
Within 90 days	1,747,814	1,143,195
91 days – 180 days	648,431	328,952
181 days – 270 days	176,324	180,198
271 days – 360 days	100,055	118,960
Over 1 year, but not exceeding 2 years	83,634	87,813
Trade and bills receivables	2,756,258	1,859,118



15. TRADE AND OTHER PAYABLES

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

	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
Within 30 days	1,749,538	1,082,716
31 days – 60 days	309,067	280,759
61 days – 90 days	203,066	226,998
91 days – 180 days	380,104	385,471
Over 180 days	108,027	140,922
Trade and bills payables	2,749,802	2,116,866
Other payables	847,128	590,615
	3,596,930	2,707,481

16. BANK BORROWINGS

During the period, the Group obtained new bank borrowings of approximately RMB1,029,283,000 (six months ended 30 June 2015: approximately RMB1,003,464,000) and repaid bank borrowings of approximately RMB913,215,000 (six months ended 30 June 2015: approximately RMB905,196,000).

Bank borrowings carry interest at variable market rates ranging from 2.60% to 7.26% per annum (31 December 2015: 2.60% to 7.26% per annum) and have maturity periods ranging from one month to four years (31 December 2015: one month to four years).

Approximately RMB783,529,000 (31 December 2015: approximately RMB574,521,000) of the Group's bank borrowings are secured by land use rights, property, plant and equipment and trade receivables and guaranteed by the executive director, Mr. Song Dian Quan. The proceeds were used to finance the operation of the Group.



17. SHARE CAPITAL

	Number of shares '000	Amount in original currency HK\$'000	Shown in the financial statements as RMB'000
Ordinary shares of HK\$0.10 each			
<i>Authorised:</i>			
At 31 December 2015 (audited) and 30 June 2016 (unaudited)	1,000,000	100,000	107,000
<i>Issued and fully paid:</i>			
At 31 December 2015 (audited) and 30 June 2016 (unaudited)	399,734	39,973	42,012

18. RELATED PARTY TRANSACTIONS AND BALANCES

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

(a) Transactions

Transactions with related parties

Name of related parties	Nature of transactions	Six months ended 30 June	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
哈爾濱光宇電纜電纜有限公司 Harbin Guangyu Electric Wire and Cable Company Limited ("HGEWC")*	Purchase of raw materials	3,934	4,976
天津啟新明動科技有限責任公司	Provision of online game service	-	13,181
北京光宇在綫科技有限責任公司	Provision of online game service	-	11,807
哈爾濱開關有限責任公司 Harbin Switch Company Limited ("HBS")*	Sales of goods	-	7
瀋陽東北蓄電池有限公司	Sales of goods	60,559	-
瀋陽東北蓄電池有限公司	Purchase of raw materials	77,117	-

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



18. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Balances

(1) Amounts due from related companies

Name of related companies	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
HBS 石家莊光宇高能電池材料有限公司 Shijia Zhuang Guangyu Battery Material Company Limited*	18,413	17,963
哈爾濱亞光新型隔板有限公司 Harbin Ya Guang Modern Separators Company Limited*	543	543
哈爾濱光宇電源廠 Harbin Guangyu Power Supply Factory*	71	71
Global Universal Development Limited 光宇延邊蓄電池有限責任公司	442	249
HGEWC 杭州光宇電源有限公司	87,604	45,262
	4,132	8,649
	–	11,682
	–	482
	111,205	84,901
Less: allowance for doubtful debts	(614)	(1,096)
	110,591	83,805

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

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



18. RELATED PARTY TRANSACTIONS AND BALANCES *(CONTINUED)*

(b) Balances *(Continued)*

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

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

(c) Compensation of key management personnel

The remuneration of directors of the Company and other members of key management are as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term benefits	800	722
Post-employment benefits	9	35
	809	757

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



19. CAPITAL COMMITMENTS

	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
Capital expenditure contracted for but not provided in the financial statements in respect of acquisition of property, plant and equipment and land use rights	37,212	34,459

20. CONTINGENT LIABILITIES

The Group has issued guarantees in respect of banking facilities granted to an independent third party and an associate of approximately RMB382,984,000 (31 December 2015: approximately RMB631,769,000) without charge. The aggregate amounts that could be required to be paid if the guarantees were called upon in entirety amounted to approximately RMB20,000,000 (31 December 2015: approximately RMB20,000,000), of which approximately RMB20,000,000 (31 December 2015: approximately RMB20,000,000) has been utilised by the independent third parties.

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

22. SUBSEQUENT EVENT

On 27 July 2016, Mr. Song Dian Quan, the controlling shareholder, the executive director and the chairman of the Company has executed a share charge that pledging 45,000,000 ordinary shares of the Company held by himself, in favour of obtaining a one year credit loan facility of RMB100,000,000 from the Bank of Communications, Zhuhai Branch (the "Facility") granted to the Group. The Facility is for the purpose of general working capital.



REPORT OF THE BOARD

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the period ended 30 June 2016 (the “period”), turnover from the Group’s continuing operation amounted to approximately RMB2,419,163,000 (2015: RMB1,658,130,000), representing an increase of 46% over the same period last year. The profit attributable to owners of the Company for the period increased by 525% to approximately RMB126,004,000 (2015: RMB20,157,000). Earnings per share for the period was RMB31.52 cents (2015: RMB4.99 cents).

DIVIDEND

The Board does not recommend the payment of an interim dividend to the shareholders for the period (2015: nil).

BUSINESS REVIEW

Lithium Polymer Battery

During the period, the lithium polymer cells volume growth stably to approximately 40 million pieces (2015: 39 million pieces), representing a slight increase over last year, it is due to decline in global consumers’ electronics shipments. Our major customers included both famous domestic and foreign mobile phone and computer brands. Over the past several years, we proactively developed new products and expanded our market shares, and now we are one of the world’s leading lithium polymer cells manufacturer. Our products are used in different kinds of consumers’ electronics, wearable devices and drones.



Power Batteries

Benefited from Chinese government policies on new energy, the sales volume of China's new energy vehicles surged to 170,000 in the first half of 2016. The demand for our power batteries grew dramatically for the corresponding period. We have delivered 11,127 sets (2015: 3,061 sets) of all types of electric vehicles batteries, representing an increase of 264% over same period last year. We continued to collaborate with domestic and foreign auto makers to provide battery system solutions for electric vehicles. Our customers include well-known brands of domestic new energy vehicles manufacturers. Our products include lithium ferrite phosphate batteries and ternary power batteries which are applicable to different types of electric vehicles, including buses, commercial vehicles and sedans. We expect the amount for delivery will rise substantially for the whole year. Sales of all types of lithium batteries for the Period amounted to approximately RMB1,826,256,000 (2015: RMB1,090,643,000), representing an increase of 67% when compared to the corresponding period last year.

Sealed lead-acid ("SLA") Battery Products

During the period, turnover from SLA Battery products was approximately RMB371,731,000 (2015: RMB343,300,000), representing an increase of 8.3% when compared to last year, which was mainly due to an increase in production volume. As we have completed the relocation of our production plant, sale volume and turnover will pick-up to normal level in the future.

Online Games

We regularly release updated versions of "問道" and attracted an increasing number of interested online players. We also launched various products to enlarge customers base in during the period. The online game operation contributed a profit of RMB101,287,000 (2015: RMB79,363,000) to the Group, among which RMB67,568,000 (2015: RMB62,366,000) was generated from associates of the Group, representing an increase of 28% when compared to the corresponding period last year.



FINANCIAL REVIEW

Assets and liabilities

As at 30 June 2016, the Group had total assets of RMB8,731,124,000 (31.12.2015: RMB7,360,510,000) which were financed by current liabilities of RMB6,185,758,000 (31.12.2015: RMB4,951,834,000), non-current liabilities of RMB432,048,000 (31.12.2015: RMB427,562,000), equity attributable to owners of the Company of RMB1,937,639,000 (31.12.2015: RMB1,818,747,000) and non-controlling interests of RMB175,679,000 (31.12.2015: RMB162,367,000).

Liquidity, financial resources and capital structure

During the period, the Group adopted prudent treasury policies in managing cash resources and bank borrowings. As at 30 June 2016, the Group had bank and cash balances amounted to RMB327,067,000 (31.12.2015: RMB235,164,000). The total bank and other borrowings of the Group as at 30 June 2016 were approximately RMB1,346,107,000 (31.12.2015: RMB1,227,246,000). These borrowings carry interest ranging from 2.60% to 7.26% (31.12.2015: from 2.60% to 7.26%) per annum. All bank and other borrowings were used to finance the Group's capital expenditures and working capital requirements.

Gearing and liquidity ratio

The Group's gearing ratio, defined as the ratio between total bank and other borrowings and shareholders' equity, was 90% (31.12.2015: 89%). The current ratio of the Group, represented by a ratio between current assets over current liabilities, was 97% (31.12.2015: 95%).



Charges on group assets

As at 30 June 2016, certain prepaid lease payments and property, plant and equipment, and trade receivables of the Group with carrying values of RMB504,045,000 (31.12.2015: RMB509,533,000) and RMB437,084,000 (31.12.2015: RMB245,658,000) respectively, were pledged to secure bank borrowings of approximately RMB783,529,000 (31.12.2015: RMB574,521,000). In addition, pledged bank deposits were used to secure trade and loan financing facilities granted to the Group.

Foreign currency risk

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

PROSPECTS

The shipments of global mobile phones and consumer electric products are expected to grow in the second half of the year. We have launched different types of products including high-voltage products and batteries for drones with the aim of expanding into new markets and increasing our sales volume. We expect double digit growth in volume year on year basis.

On power batteries, under Chinese government policies in favor of new energy vehicles, it is anticipated that the demand of new energy vehicles will continue to surge substantially in the second half of the year, the sale volume might reach 600,000 vehicles for the whole year. Our batteries sales revenue expected to increase significantly in the second half as compare to the first half of 2016. At the same time, we expect gross margin continuously improved. In order to increase our competitiveness, we continue to explore different batteries technology to increase the power density, safety character and enhance driving range. Furthermore, in order to increase sales volume, we continue to work together with different new energy car makers on various solutions on different types of batteries systems.



Due to the robust demand for power batteries, we have started expansion plan. We are going to build a highly efficient automatic batteries factory aiming to uplift products consistency and efficiency. The civil work is expected to be completed by September and will be put into production by the end of this year. By 2017, the capacity will be twice over that of this year and the capacity value amounting to RMB4 billion. The forecasted capital expenditure for 2016 is RMB400 million.

We plan to launch multiple new products including web games and major online games. It is expected that these new games will generate revenue for the Company and continue to reap promising returns for the shareholders of the Group.

OTHER INFORMATION

Employees and remuneration policies

As of 30 June 2016, the Group hired a total of 10,152 (2015: 9,922) employees in the PRC. The Group has adopted continuous human resources development and training programmes to maintain high level of product quality and customer services. Remuneration package is generally structured by reference to market conditions and individual performance.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CORPORATE GOVERNANCE CODE

Throughout the reporting period, the Company has applied and complied with the code provisions in the Corporate Governance Code (the “CG Code”) set out in Appendix 14 of the Listing Rules except for the deviation from Code provision A.4.1 in respect of the service term of directors of the Company.



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

SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

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



DISCLOSURE OF INTERESTS

(1) Directors

As at 30 June 2016, the interests of each Director in the shares, underlying shares and debentures of the Company (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which have been notified to the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director was taken or deemed to have under such provisions of the SFO) or as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Long Position

Ordinary shares of HK\$0.10 each of the Company

<u>Name of Director</u>	<u>Type of interests</u>	<u>Capacity</u>	<u>No. of shares held</u>	<u>Percentage of interest</u>
SONG Dian Quan	Personal	Beneficial owner	260,323,300	64.41%
LUO Ming Hua	Personal	Beneficial owner	3,186,027	0.79%
LI Ke Xue	Personal	Beneficial owner	668,793	0.17%
XING Kai	Personal	Beneficial owner	526,793	0.13%
LIU Xing Quan	Personal	Beneficial owner	793	0.00%



Save as disclosed above, as at 30 June 2016, there were no other interests or short positions of the Directors and chief executive of the Company in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which have been notified to the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director was taken or deemed to have under such provisions of the SFO) or recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

(2) Substantial Shareholders and Others

As at 30 June 2016, there were no other interest and short positions of every person, other than the Directors and chief executive of the Company, in the shares and underlying shares of the Company which have been notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept under section 336 of the SFO.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three independent non-executive directors, namely Mr. Li Zeng Lin, Dr. Yin Ge Ping and Mr. Xiao Jian Min with Mr. Li Zeng Lin as the chairman. The primary duties of the Audit Committee are to review and monitor the Group's financial reporting process and internal control system, as well as to provide relevant recommendations and advices to the Board. The unaudited interim results of the Group for the six months ended 30 June 2016 have been reviewed by the Audit Committee.

BOARD OF DIRECTORS

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

By Order of the Board
SONG Dian Quan
Chairman

Harbin, the PRC, 31 August 2016