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: 505)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

The board (the "Board") of directors (the "Directors") of Xingye Copper International Group Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2013:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2013

		Six months ended 30 June	
		2013	2012
		RMB'000	*RMB'000*
	Notes	**(Unaudited)**	(Unaudited)
			(Restated)
Revenue	*3*	**1,624,238**	1,613,021
Cost of sales		**(1,577,097)**	(1,541,047)
Gross profit		**47,141**	71,974
Other income		**25,499**	18,136
Other gains and losses, net		**26,295**	7,807
Distribution expenses		**(11,054)**	(9,374)
Administrative expenses		**(36,020)**	(33,987)
Share of profits of associates		**321**	2,713
Share of losses of a jointly controlled entity		**(523)**	(574)
Finance costs	*4*	**(20,473)**	(25,061)
Profit before tax		**31,186**	31,634
Income tax expense	*5*	**(8,023)**	(11,049)
Profit for the period	*6*	**23,163**	20,585
Profit for the period attributable to:			
Equity shareholders of the Company		**23,148**	20,226
Non-controlling interests		**15**	359
		23,163	20,585
Earnings per share			
– Basic and diluted *(RMB cents)*	*8*	**3.31**	2.89

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Notes	At 30 June 2013 RMB'000 (Unaudited)	At 31 December 2012 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		**673,803**	608,414
Lease prepayments		**35,426**	35,852
Interests in associates		**6,600**	21,083
Interest in jointly controlled entity		**11,509**	12,032
Available-for-sale investments		**37,870**	37,870
Loan receivables		**14,745**	–
Deposit for acquisition of property, plant and equipment		**41,386**	34,998
		821,339	750,249
Current assets			
Inventories		**445,074**	467,244
Trade and other receivables	9	**594,786**	446,196
Loan receivables		**42,600**	28,274
Derivatives financial instruments		**10,946**	3,734
Pledged deposits		**183,007**	117,854
Cash and cash equivalents		**110,545**	87,603
		1,386,958	1,150,905
Current liabilities			
Trade and other payables	10	**490,922**	390,497
Interest-bearing borrowings	11	**970,022**	765,655
Income tax payables		**7,623**	15,262
		1,468,567	1,171,414
Net current liabilities		**(81,609)**	(20,509)
Total assets less current liabilities		**739,730**	729,740
Non-current liabilities			
Interest-bearing borrowings	11	**13,420**	1,420
Deferred income		**9,678**	9,986
Deferred tax liabilities		**21,504**	19,889
		44,602	31,295
Net assets		**695,128**	698,445
Capital and reserves			
Share capital	12	**64,881**	64,881
Reserves		**611,829**	615,161
Equity attributable to owners of the Company		**676,710**	680,042
Non-controlling interests		**18,418**	18,403
Total equity		**695,128**	698,445

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

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

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

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

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

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

Amendments to IAS 1 Presentation of Items of other Comprehensive Income

The amendments to IAS 1 Presentation of Items of Other Comprehensive Income introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income' and an 'income statement' is renamed as a 'statement of profit or loss'. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

IFRS 13 Fair Value Measurement

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

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

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

Amendments to IAS 34 Interim Financial Reporting

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

Other than the above, the application of other new or revised IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. TURNOVER AND SEGMENT REPORTING

Segment results

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

Six months ended 30 June 2013 (unaudited):

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

Six months ended 30 June 2012 (unaudited):

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

Segment asset and liabilities

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

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

4. FINANCE COSTS

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

5. INCOME TAX EXPENSE

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

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

(a) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and British Virgin Islands.

(b) No provision for Hong Kong Profits Tax has been made as the Group did not have assessable profits subject to Hong Kong Profits Tax for the six months ended 30 June 2013 and 2012.

(c) The provision for PRC income tax is based on the respective corporate income tax rates applicable to the subsidiaries located in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC.

(d) On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China ("the New Tax Law"). Pursuant to the New Tax Law, 5% withholding tax is levied on the foreign investor in respect of dividend distributions arising from the profits of a foreign investment enterprise in the PRC earned after 1 January 2008. Deferred tax liabilities have been recognised for undistributed retained earnings of the Group's PRC subsidiaries to the extent that the earnings would be distributed in the foreseeable future.

6. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**25,279**	23,131
Amortisation of lease prepayments	**426**	272
Total depreciation and amortisation	**25,705**	23,403
Government grants	**(19,294)**	(16,155)
Bank interest income	**(3,527)**	(1,120)
Interest income from loan receivables	**(1,663)**	–
Interest income from non-controlling interests	**(297)**	–
Loss (gain) on disposal of property, plant and equipment	**1,533**	(216)
Gain on disposal of lease prepayments	**–**	(4,483)
Gain on disposal of an associate	**(4,395)**	–
Net realised and unrealised gains on trading securities	**–**	(1,845)
Net realised and unrealised gains on derivative financial instruments	**(22,048)**	(6,047)
Net exchange (gains) losses	**(1,385)**	2,084
Impairment loss in respect of property, plant and equipment	**–**	2,700

7. DIVIDENDS

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

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

8. EARNINGS PER SHARE

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

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

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

9. TRADE AND OTHER RECEIVABLES

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

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

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

	At 30 June 2013 *RMB'000* **(Unaudited)**	At 31 December 2012 *RMB'000* (Audited)
Within 3 months	**377,654**	281,163
Over 3 months but less than 6 months	**35,371**	16,652
Over 6 months but less than 1 year	**2,856**	3,711
Over 1 year	**7,279**	6,723
	423,160	308,249

10. TRADE AND OTHER PAYABLES

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

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

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

11. INTEREST-BEARING BORROWINGS

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

During the current interim period, the Group raised new borrowings and repaid borrowings of RMB1,110 million (30 June 2012: RMB741 million) and RMB715 million (30 June 2012: RMB628 million) respectively.

12. SHARE CAPITAL

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

13. CAPITAL COMMITMENTS

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

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

14. COMPARATIVE FIGURES

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

(a) Net realised and unrealised gains on derivative financial instruments, net realised and unrealised gain on trading securities, gain on disposal of property, plant and equipment and gain on disposal of lease prepayments of RMB6,047,000, RMB1,845,000, RMB216,000 and RMB4,483,000 which had previously been recorded under "Other income" in the condensed consolidated financial statements for the period ended 30 June 2012, were reclassified to "Other gains and losses, net".

(b) Impairment loss in respect of property, plant and equipment of RMB2,700,000 and other expenses of RMB3,617,000 which had previously been recorded under "Other expenses" in the condensed consolidated financial statements for the period ended 30 June 2012 were reclassified to "Other gains and losses, net" and "Administrative expense" respectively.

(c) Net exchange losses of RMB2,084,000 which had previously been recorded under "Administrative expenses" in the condensed consolidated financial statements for the period ended 30 June 2012, was reclassified to "Other gains and losses, net".

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

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

1. Pushing on performance assessment reform and forming a comprehensive workforce. At the beginning of the year, our Group engaged a professional team to make major reform to our performance appraisal system, making it more scientific and reasonable. In order to build up a high-caliber professional front-line workforce, the Group continued to recruit high-caliber professional talent for our workshop. As at present, we have already built up a talent pool for our new projects and new equipment to commence operation.

2. Speeding-up self-driven innovation and facilitating project application. With the prevalence belief in promoting self-owned brand names, the Group highly emphasized on the innovation and diversification of products, targeting at establishing a genuinely indigenous product line. In March 2013, we have convened assessment meetings for two new products, which have been successfully approved by experts after verification. The assessment for another new product is now on the agenda.

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

3. Exploring for new business modes and expanding the income source. "To boost trading business" is one of our strategic targets. Our trading business has provided us with an alternative profit stream. Now we are seeking for new business modes and preparing for the follow-up operation once conditions are met.

4. Identifying investment channels and looking for quality resources. Locating high-quality copper mines is always the strategic focus of the Group. In addition, the Group has successfully divested from certain private equity funds after taking satisfying yields.

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

FINANCIAL REVIEW

Revenue and gross profit

The Group's revenue for the six months ended 30 June 2013 slightly increased by 0.7% to RMB1,624.2 million from RMB1,613.0 million for the corresponding period of last year, which was principally due to the increase in the total sales volume to 44,708 tonnes from 41,825 tonnes. Revenue generated from the sale of high precision copper plates and strips, provision of processing services and trading of raw materials amounted to RMB1,192.8 million, RMB60.2 million and RMB371.2 million respectively (For the six months ended 30 June 2012: RMB1,192.5 million, RMB58.1 million and RMB362.4 million respectively). For the six months ended 30 June 2013, 73.4%, 3.7% and 22.9% of our revenue were derived from the sale of high precision copper plates and strips, provision of processing services and trading of raw materials respectively, compared to that of last year representing a similar revenue ratio.

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

Other income

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

Other gains and losses, net

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

Distribution expenses

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

Administrative expenses

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

Finance costs

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

Income tax

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

Profit attributable to equity shareholders of the Company

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

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

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

Charge on assets

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

Capital expenditure

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

Capital commitments

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

MARKET RISK

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

Price risk

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

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

Interest rate risk

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

Foreign exchange risk

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

Employees

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

PRE-EMPTIVE RIGHTS

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

AUDIT COMMITTEE

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

SUFFICIENCY OF PUBLIC FLOAT

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

INTERIM DIVIDEND

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

PUBLICATION OF 2013 INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the Company's website (www.xingyecopper.com) and the website of Hong Kong Exchanges and Cleaning Limited (www.hkexnews.com.hk). The Company's 2013 interim report will be made available on the websites of the Company and Hong Kong Exchanges and Cleaning Limited and will be despatched to the Company's shareholders in due course.

By order of the Board
Xingye Copper International Group Limited
Hu Changyuan
Chairman

Hong Kong, 23 August 2013

As at the date of this announcement, the executive directors of the Company are Mr. HU Changyuan, Mr. CHEN Jianhua, Mr. WANG Jianli and Mr. MA Wanjun and the independent non-executive directors of the Company are Mr. CUI Ming, Mr. XIE Shuisheng, Mr. CHAI Chaoming and Ms. LI Li.