



CHINA METAL INTERNATIONAL HOLDINGS INC.

勤美達國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 319

2015

INTERIM REPORT



CORPORATE INFORMATION

Board of Directors

Executive Directors

KING Fong-Tien (*Chairman*)
TSAO Ming-Hong (*Vice Chairman*)
CHEN Shun Min
HO Pei-Lin

Non-Executive Director

Christian Odgaard PEDERSEN

Independent Non-Executive Directors

LAM Ting Lok
CHIU LIN Mei-Yu
(*also known as Mary Lin Chiu*)
CHEN Pou-Tsang
(*also known as Angus P.T. Chen*)

Company Secretary

TSE Kam Fai, *FCIS, FCS, MHKIoD*

Authorised Representatives

CHEN Shun Min
TSE Kam Fai, *FCIS, FCS, MHKIoD*

Audit Committee

LAM Ting Lok (*Chairman*)
CHIU LIN Mei-Yu
(*also known as Mary Lin Chiu*)
CHEN Pou-Tsang
(*also known as Angus P.T. Chen*)

Remuneration Committee

CHIU LIN Mei-Yu
(*also known as Mary Lin Chiu*)
(*Chairman*)
CHEN Pou-Tsang
(*also known as Angus P.T. Chen*)
KING Fong-Tien

Nomination Committee

KING Fong-Tien (*chairman*)
CHIU LIN Mei-Yu
(*also known as Mary Lin Chiu*)
CHEN Pou-Tsang
(*also known as Angus P.T. Chen*)

Corporate Governance Committee

KING Fong-Tien (*chairman*)
TSAO Ming-Hong
CHEN Shun Min
TSE Kam Fai, *FCIS, FCS, MHKIoD*

Auditor

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

Registered Office

Clifton House
75 Fort Street
P.O. Box 1350 GT
George Town, Grand Cayman
Cayman Islands

CORPORATE INFORMATION (Continued)

Place of Business in Hong Kong

Room 1502, 15th Floor
The Chinese Bank Building
61–65 Des Voeux Road Central
Hong Kong

Principal Share Registrar and Transfer Office

Appleby Corporate Services
(Cayman) Ltd.
Clifton House
75 Fort Street
P.O. Box 1350 GT
George Town, Grand Cayman
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor
Services Limited
Shops 1712–1716, 17/F
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Principal Bankers

Agricultural Bank of China
Tianjin TEDA Branch
International Development Building
Tianjin Economic Development Area
Tianjin, The PRC

China Construction Bank
Suzhou High and New Technology
Industrial Development Zone Branch
No. 27, Shi Shan Road
Suzhou New District
Suzhou, Jiangsu Province, The PRC

Bank Sinopac
No. 1, Lane 236
Section 1, Tun Hua S. Road
Taipei 106, Taiwan

Taipei Fubon Bank
6/F., No. 169
Section 4, Jen-Ai Road
Taipei 106, Taiwan

Stock Code

319

Website

http://www.hkstockinfo.com/china_metal

CHAIRMAN'S STATEMENT

On behalf of the directors (the "Director(s)") of the board (the "Board"), I would like to present to the shareholders of China Metal International Holdings Inc. (the "Company") (the "Shareholders") the results and unaudited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2015.

Business Review

Due to adverse global climatic visibility, the China motors market; which is closely related to the Company's business shrink. In addition to the deep set back of global agricultural and mechanical works, the revenue for the first half of 2015 decreased by more than 12% comparing to the same period last year and profit after tax decreased by about 6%.

Business Integration

Each individual plant of the Company has its own independent management structure and this may result in inefficient operation of internal resources and sometimes lead to customers confusion. Since the beginning of 2015, the Company decided to centralize the management of operation team of different plants, which has simplified the communication with customers and hope to achieve a more effective operational management.

Financial Performance

For the six months ended 30 June 2015, the Group's revenue was US\$155,801,000 and the profit attributable to shareholders was US\$17,965,000.

Interim Dividend

The Directors resolved the declaration of an interim dividend of US cent 0.80 (equivalent to HK cents 6.20) per ordinary share for the six months ended 30 June 2015 and a special dividend of US cents 1.39 (equivalent to HK cents 10.77) per ordinary share payable on Friday, 16 October 2015 to the shareholders whose names appear on the register of members of the Company on Tuesday, 6 October 2015.

CHAIRMAN'S STATEMENT (Continued)

Appreciation

I would like to take this opportunity to express my sincere gratitude to the contributions by all our Directors, management team and all staff to the Group. Also thanks for the support from our business partners, investors and Shareholders throughout all these years.

King Fong-Tien
Chairman

Hong Kong, 13 August 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2015 — UNAUDITED

(Expressed in United States dollars)

	Note	Six months ended 30 June	
		2015 \$'000	2014 \$'000
Revenue	3	155,801	177,753
Cost of sales		(119,109)	(134,127)
Gross profit		36,692	43,626
Other revenue		493	795
Other net gain/(loss)		650	(464)
Distribution costs		(8,300)	(10,670)
Administrative expenses		(8,002)	(7,550)
Profit from operations		21,533	25,737
Finance costs	4(a)	(487)	(658)
Profit before taxation	4	21,046	25,079
Income tax	5	(3,081)	(6,064)
Profit for the period		17,965	19,015
Attributable to:			
Equity shareholders of the Company		17,965	19,015
Non-controlling interests		-	-
Profit for the period		17,965	19,015
Earnings per share	6		
Basic (cents)		1.79	1.89
Diluted (cents)		1.79	1.89

The notes on pages 13 to 29 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 13.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2015 — UNAUDITED

(Expressed in United States dollars)

	Six months ended 30 June	
	2015	2014
	\$'000	\$'000
Profit for the period	17,965	19,015
Other comprehensive income for the period (after tax and reclassification adjustment):		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	884	(4,135)
Total comprehensive income for the period	18,849	14,880
Attributable to:		
Equity shareholders of the Company	18,849	14,880
Non-controlling interests	—	—
Total comprehensive income for the period	18,849	14,880

The notes on pages 13 to 29 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015 — UNAUDITED

(Expressed in United States dollars)

	<i>Note</i>	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Non-current assets			
Property, plant and equipment	7	201,234	205,006
Lease prepayments		7,962	8,054
Construction in progress		7,074	9,372
Other financial assets		37	37
		216,307	222,469
Current assets			
Inventories		45,250	52,174
Trade and other receivables	8	144,144	147,452
Amounts due from related companies	16(b)	1,077	426
Pledged bank deposits		122	2,260
Cash and cash equivalents	9	42,620	38,838
Time deposits		–	2,942
		233,213	244,092
Current liabilities			
Trade and other payables	10	49,254	60,370
Bank loans	11	32,857	44,357
Amounts due to related companies	16(c)	285	1,236
Current taxation		2,730	1,726
		85,126	107,689
Net current assets		148,087	136,403
Total assets less current liabilities		364,394	358,872

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015 — UNAUDITED (Continued)

(Expressed in United States dollars)

	<i>Note</i>	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Non-current liabilities			
Long-term loans	11	17,500	20,679
Deferred tax liabilities		1,355	1,381
		18,855	22,060
NET ASSETS			
		345,539	336,812
CAPITAL AND RESERVES			
Share capital	13(b)	1,293	1,293
Reserves		344,246	335,519
Total equity attributable to equity shareholders of the Company			
		345,539	336,812
Non-controlling interests		—	—
TOTAL EQUITY			
		345,539	336,812

The notes on pages 13 to 29 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2015 — UNAUDITED

(Expressed in United States dollars)

	Attributable to equity shareholders of the Company											
	Note	Share capital \$'000	Share premium \$'000	Capital redemption reserve \$'000	Statutory surplus reserve \$'000	Exchange fluctuation reserve \$'000	Capital reserve- share option \$'000	Other reserve \$'000	Retained profits \$'000	Sub-total \$'000	Non- controlling interests \$'000	Total \$'000
Balance at 1 January 2014		1,291	43,484	42	23,181	47,908	1,333	20,074	192,698	330,011	-	330,011
Changes in equity for the six months ended 30 June 2014:												
Profit for the period		-	-	-	-	-	-	-	19,015	19,015	-	19,015
Other comprehensive income		-	-	-	-	(4,135)	-	-	-	(4,135)	-	(4,135)
Total comprehensive income		-	-	-	-	(4,135)	-	-	19,015	14,880	-	14,880
Dividends approved in respect of the previous year	13(a)	-	-	-	-	-	-	-	(18,771)	(18,771)	-	(18,771)
Equity settled share-based transactions	12	-	-	-	-	-	3	-	-	3	-	3
Balance at 30 June 2014 and 1 July 2014		1,291	43,484	42	23,181	43,773	1,336	20,074	192,942	326,123	-	326,123
Changes in equity for the six months ended 31 December 2014:												
Profit for the period		-	-	-	-	-	-	-	22,019	22,019	-	22,019
Other comprehensive income		-	-	-	-	1,773	-	-	-	1,773	-	1,773
Total comprehensive income		-	-	-	-	1,773	-	-	22,019	23,792	-	23,792
Shares issued under share option scheme	13(b)	2	846	-	-	-	(237)	-	-	611	-	611
Transferred to statutory reserve		-	-	-	2,794	-	71	-	(2,794)	71	-	71
Dividends approved in respect of the current year	13(a)	-	-	-	-	-	-	-	(13,785)	(13,785)	-	(13,785)
Equity settled share-based transactions	12	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2014		1,293	44,330	42	25,975	45,546	1,170	20,074	198,382	336,812	-	336,812

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2015 — UNAUDITED (Continued)

(Expressed in United States dollars)

	Attributable to equity shareholders of the Company											
	Note	Share capital \$'000	Share premium \$'000	Capital redemption reserve \$'000	Statutory surplus reserve \$'000	Exchange fluctuation reserve \$'000	Capital reserve-share option \$'000	Other reserve \$'000	Retained profits \$'000	Sub-total \$'000	Non-controlling interests \$'000	Total \$'000
Balance at 1 January 2015		1,293	44,330	42	25,975	45,546	1,170	20,074	198,382	336,812	-	336,812
Changes in equity for the six months ended 30 June 2015:												
Profit for the period		-	-	-	-	-	-	-	17,965	17,965	-	17,965
Other comprehensive income		-	-	-	-	884	-	-	-	884	-	884
Total comprehensive income		-	-	-	-	884	-	-	17,965	18,849	-	18,849
Dividends approved in respect of the previous year	13(a)	-	-	-	-	-	-	-	(10,062)	(10,062)	-	(10,062)
Equity settled share-based transactions	12	-	-	-	-	-	(60)	-	-	(60)	-	(60)
Balance at 30 June 2015		1,293	44,330	42	25,975	46,430	1,110	20,074	206,285	345,539	-	345,539

The notes on pages 13 to 29 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015 — UNAUDITED

(Expressed in United States dollars)

<i>Note</i>	Six months ended 30 June	
	2015	2014
	\$'000	\$'000
Operating activities		
Cash generated from operations	33,329	33,653
Tax paid	(2,110)	(5,506)
Net cash generated from operating activities	31,219	28,147
Investing activities		
Payment for the construction in progress	(3,963)	(9,742)
Payment for the purchase of property, plant and equipment	(2,277)	(1,889)
Other cash flows arising from investing activities	1,638	529
Net cash used in investing activities	(4,602)	(11,102)
Financing activities		
Dividends paid to equity shareholders of the company	(10,062)	(18,771)
Other cash flows arising from financing activities	(13,028)	17,754
Net cash used in financing activities	(23,090)	(1,017)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015 — UNAUDITED (Continued)

(Expressed in United States dollars)

	Note	Six months ended 30 June	
		2015 \$'000	2014 \$'000
Net increase in cash and cash equivalents		3,527	16,028
Cash and cash equivalents at 1 January	9	38,838	30,384
Effect of foreign exchange rates changes		255	(153)
Cash and cash equivalents at 30 June	9	42,620	46,259

The notes on pages 13 to 29 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in United States dollars unless otherwise indicated)

1 Basis of Preparation

China Metal International Holdings Inc. (the "Company") is a company incorporated in Cayman Islands with limited liability. The interim financial report of the Company for the six months ended 30 June 2015 comprises the Company and its subsidiaries (together referred to as the "Group").

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 Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 13 August 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, 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 2014 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in United States dollars unless otherwise indicated)

1 Basis of Preparation (Continued)

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the board of directors is included on page 31.

The financial information relating to the financial year ended 31 December 2014 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements for the year ended 31 December 2014 are available from the Company's principal place of business in Hong Kong. The auditors have expressed an unqualified opinion on those financial statements in their report dated 27 March 2015.

2 Changes in Accounting Policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company.

- Annual Improvements to HKFRSs 2010–2012 Cycle
- Annual Improvements to HKFRSs 2011–2013 Cycle

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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in United States dollars unless otherwise indicated)

3 Segment Reporting

The Group manages its businesses according to the manufacturing source of its products, i.e. its operating subsidiaries in the PRC, which are engaged in the design, development, manufacture and sale of customised metal casting. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purpose of resource allocation and performance assessment, the Group has identified four reportable segments, namely, Tianjin CMT Industry Company Limited ("CMT"), Suzhou CMS Machinery Company Limited ("CMS"), CMW (Tianjin) Industry Company Limited ("CMWT") and Suzhou CMB Machinery Company Limited ("CMB"), respectively. No operating segments have been aggregated to form the following reportable segments.

(a) Information about profit or loss, assets and liabilities

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below:

	CMT		CMS		CMWT		CMB		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<i>For the six months ended</i>										
Revenue from external customers	27,182	37,143	53,196	66,714	65,653	66,956	9,770	6,940	155,801	177,753
Inter-segment revenue	1,141	183	1,449	601	7,701	150	1,792	2,364	12,083	3,298
Reportable segment revenue	28,323	37,326	54,645	67,315	73,354	67,106	11,562	9,304	167,884	181,051
Reportable segment profit (adjusted EBITDA)	2,419	8,774	13,118	14,080	21,098	14,397	(179)	(1,346)	36,456	35,905
<i>As at 30 June/31 December</i>										
Reportable segment assets	77,579	78,572	111,087	117,477	161,237	165,188	103,297	102,332	453,200	463,569
Reportable segment liabilities	4,561	9,121	14,092	14,377	28,905	30,982	14,062	11,029	61,620	65,509

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in United States dollars unless otherwise indicated)

3 Segment Reporting (Continued)

(a) Information about profit or loss, assets and liabilities

(Continued)

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including interest income and finance costs. To arrive at adjusted EBITDA the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs.

(b) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2015	2014
	\$'000	\$'000
Reportable segment profit	36,456	35,905
Elimination of depreciation related to inter-segment fixed assets transfer	177	279
Elimination of inter-segment (profit)/loss	(3,143)	802
Reportable segment profit derived from Group's external customers	33,490	36,986
Depreciation and amortisation	(11,694)	(11,335)
Interest income	283	451
Finance costs	(487)	(658)
Unallocated head office and corporate expenses	(546)	(365)
Consolidated profit before taxation	21,046	25,079

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in United States dollars unless otherwise indicated)

4 Profit before Taxation

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2015 \$'000	2014 \$'000
(a) Finance costs:		
Interest on bank loans	487	758
Less: Interest expense capitalised used into construction in progress	-	(100)
	487	658

The borrowing costs have been capitalised at a rate of 0.45%–2.90% per annum.

(b) Other items:		
Amortisation of lease prepayment	99	99
Depreciation	11,418	10,958
Interest income	(283)	(451)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in United States dollars unless otherwise indicated)

5 Income Tax

	Six months ended 30 June	
	2015	2014
	\$'000	\$'000
Current tax		
Provision for PRC corporate income tax for the period	3,107	6,162
Under/(Over) provision in respect of prior year	1	(98)
Deferred taxation	(27)	–
	3,081	6,064

At 30 June 2015, temporary differences relating to the undistributed profits of subsidiaries in the PRC amounted to \$140,091,442 (six months ended 30 June 2014: \$109,264,632). Deferred tax liabilities of \$9,631,206 (six months ended 30 June 2014: \$7,063,346) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

(i) Overseas income tax

Pursuant to the rules and regulations of the Cayman Islands, the Company and CMW (Cayman Islands) Co., Ltd. ("CMW(CI)") is not subject to any income tax in the Cayman Islands.

(ii) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax is made for the period as the Group did not generate any income subject to Hong Kong Profits Tax during the periods presented.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in United States dollars unless otherwise indicated)

5 Income Tax (Continued)

(iii) PRC Corporate Income Tax

Pursuant to the income tax rules and regulations of the PRC, the provision for Corporate Income Tax ("CIT") of the Group is calculated based on the following rates:

	<i>Note</i>	2015	2014
CMT	(1)	15%	15%
CMS	(1)	15%	15%
CMWT	(2)	15%	15%
CMB	(1)	15%	15%

Notes:

- (1) In May 2014, October 2014 and March 2015, CMB, CMT and CMS were granted the status of "Advanced and New Technology Enterprise" ("ANTE") that entitled them to a preferential CIT rate of 15% for the three-year-period ending 31 December 2016.
- (2) In May 2013, CMWT was granted the status of "ANTE" that entitled it to a preferential CIT rate of 15% for the three-year-period ended 31 December 2014. Approval has been obtained from local tax bureau to prepay the income tax at the rate of 15% from January to October 2015. The Company is currently in the process of renewing the certification.

In addition, pursuant to the CIT Law effective on 1 January 2008 and the Implementation Rules to the CIT Law, dividends payable by subsidiaries in the PRC to foreign investors are subject to a 10% withholding tax, which may be reduced if the foreign jurisdiction of incorporation has a tax treaty with the PRC that provides for a different withholding arrangement. Pursuant to a tax treaty between the PRC and Hong Kong, the holding companies of CMB, CMT and CMS are established in Hong Kong, and therefore, provided these companies meet the criteria for "beneficial owner" set out in the relevant PRC tax circular, dividends payable by CMB, CMT and CMS are subject to a reduced withholding tax rate of 5%.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in United States dollars unless otherwise indicated)

6 Earnings per Share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of \$18,731,000 (six months ended 30 June 2014: \$19,015,000) and the weighted average number of 1,006,212,000 ordinary shares (six months ended 30 June 2014: 1,004,332,000) in issue during the interim period.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of \$18,731,000 (six months ended 30 June 2014: \$19,015,000) and the weighted average number of ordinary shares 1,006,296,804 (six months ended 30 June 2014: 1,004,735,377 shares).

7 Property, Plant and Equipment

During the six months ended 30 June 2015, the Group acquired items of plant and machinery with a cost of \$2,277,000 (six months ended 30 June 2014: \$1,989,000) and transferred items from construction in progress with a cost of \$6,471,000 (six months ended 30 June 2014: \$26,081,000). Items of plant and machinery with a net book value of \$1,382,000 were disposed of during the six months ended 30 June 2015 (six months ended 30 June 2014: \$75,000), resulting a loss on disposal of \$26,000 (six months ended 30 June 2014: a gain of \$4,000).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in United States dollars unless otherwise indicated)

8 Trade and Other Receivables

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable (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 2015 \$'000	At 31 December 2014 \$'000
Within 3 months	127,874	127,838
3 to 12 months	851	6,222
12 to 24 months	283	459
Over 24 months	110	61
Total trade receivables and bills receivables, net of allowance for doubtful debts	129,118	134,580
Other receivables, deposits and prepayments	15,026	12,872
	144,144	147,452

Credit evaluations are performed on all customers requiring credit over a certain amount. These receivables are due within 60-120 days from the date of billings except for receivables related to mould development which are not due until the mass production of related products. Normally, the Group does not obtain collateral from customers.

Included in trade receivables are amounts due from related companies of \$738,000 (31 December 2014: \$915,000), details of which are disclosed in note 16(b).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in United States dollars unless otherwise indicated)

9 Cash and Cash Equivalents

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Cash at bank and in hand	42,620	18,410
Deposits with banks	–	20,428
Cash and cash equivalents in the statement of financial position and in the cash flow statement	42,620	38,838

10 Trade and Other Payables

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

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Within 1 month	11,254	11,996
1 to 3 months	14,135	18,733
Over 3 months but within 6 months	4,017	8,733
Over 6 months	104	106
Total trade payables and bills payable	29,510	39,568
Other payables	19,744	20,802
	49,254	60,370

Bills payable of \$988,000 (31 December 2014: \$7,745,000) as at 30 June 2015 were secured by bank deposits of \$122,000 (31 December 2014: \$2,260,000).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in United States dollars unless otherwise indicated)

11 Bank Loans

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Within 1 year or on demand	32,857	44,357
After 1 year but within 2 years	7,500	6,429
After 2 years but within 5 years	10,000	14,250
	17,500	20,679

At 30 June 2015, the Group had banking facilities totalling \$142,424,000 (31 December 2014: \$127,592,000) which were utilised to the extent of \$50,357,000 (31 December 2014: \$67,803,000).

12 Equity Settled Share-Based Transactions

The Company granted to eligible participants on 3 January 2011 a total of 22,300,000 share options to subscribe for ordinary shares of nominal value of HK\$0.01 each in the share capital of the Company under the Share Option Scheme adopted by the Company on 8 December 2004. The vest conditions are as follows: (i) 40% on the third anniversary of the date of grant; (ii) 30% on the fourth anniversary of the date of grant; and (iii) 30% on the fifth anniversary of the date of grant. These share options will be exercisable within 10 years from the date of grant. The exercise price is HK\$2.52, being the weighted average closing price of the Company's ordinary shares immediately before the grant.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in United States dollars unless otherwise indicated)

12 Equity Settled Share-Based Transactions (Continued)

The Company adopted the new Share Option Scheme on 13 May 2014 and the existing Share Option Scheme was terminated on 13 May 2014. Options granted prior to such termination will continue to be valid and exercisable in accordance with the rules of the existing Share Option Scheme. There is no impact on the existing share options granted.

No options were exercised during the six months ended 30 June 2015 (six months ended 30 June 2014: nil).

13 Capital, Reserves and Dividends

(a) Dividends

(i) *Dividends payable to equity shareholders attributable to the interim period:*

	Six months ended	
	30 June	
	2015	2014
	\$'000	\$'000
Interim dividend declared and payable after the interim period of 0.80 cent per share (2014: 0.88 cent per share)	8,050	8,838
Special dividend declared and payable after the interim period of 1.39 cents per share (2014: 0.49 cent per share)	13,986	4,921
	22,036	13,759

The interim and special dividends proposed after the end of the reporting period have not been recognised as liabilities at the end of the reporting period.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in United States dollars unless otherwise indicated)

13 Capital, Reserves and Dividends (Continued)

(a) **Dividends** (continued)

(ii) *Dividends payable to equity shareholders of attributable to the previous financial year, approved and paid during the interim period:*

	Six months ended	
	30 June	
	2015	2014
	\$'000	\$'000
Final dividend in respect of previous financial year, approved and paid during the following interim period, of 1.00 cent per share (six months ended 30 June 2014: 0.88 cent per share)	10,062	8,833
Special dividend in respect of previous financial year, approved and paid during the following interim period, nil (six months ended 30 June 2014: 0.99 cent per share)	–	9,938
	10,062	18,771

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in United States dollars unless otherwise indicated)

13 Capital, Reserves and Dividends (Continued)

(b) Share Capital

	At 30 June 2015		At 31 December 2014	
	No. of shares ('000)	\$'000	No. of shares ('000)	\$'000
Ordinary shares, issued and fully paid:				
At 1 January	1,006,212	1,293	1,004,332	1,291
Share issued under share Option scheme	-	-	1,880	2
At 30 June/31 December	1,006,212	1,293	1,006,212	1,293

14 Fair Value Measurement of Financial Instruments

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2015 and 31 December 2014.

15 Capital Commitments Outstanding Not Provided For In the Interim Financial Report

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Contracted for	6,224	6,357

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in United States dollars unless otherwise indicated)

16 Material Related Party Transactions

During the six months ended 30 June 2015, transactions with the following parties are considered as related party transactions.

Name of party	Relationship
China Metal Products Company Limited ("CMP")	Shareholder of the Company
Yanmar Co., Ltd. ("Yanmar")	Shareholder of the Company
Vald.Birn A/S ("Birn")	Shareholder of the Company
China Metal Japan Company Limited ("CMJ")	Affiliated company
China Metal Automotive International Co., Limited ("CMAI")	Affiliated company

(a) Recurring transactions

Particulars of significant transactions between the Group and the one of the above related parties during the period are as follows:

	Six months ended 30 June	
	2015 \$'000	2014 \$'000
Sales of goods to		
— Yanmar	5,110	9,122
— Birn	379	621
	5,489	9,743
Commission to		
— CMAI	618	749
— CMJ	120	237
	738	986
Reimbursement of expenses to		
— CMAI	2,018	4,167
— CMP	144	168
	2,162	4,335

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in United States dollars unless otherwise indicated)

16 Material Related Party Transactions (Continued)

(a) Recurring transactions (Continued)

Included in the reimbursement of expenses to CMP is the Group's share of contributions to retirement schemes of certain eligible employees in Taiwan of \$94,000 for the six months ended 30 June 2015 (six months ended 30 June 2014: \$117,000). The schemes are administered by CMP. Based on an agreement between the Group and CMP, CMP is responsible for the retirement liability of these employees. The Group is not obliged to incur any liability beyond the contribution.

The remuneration for key management personnel, including amounts paid to the Company's directors, is disclosed as follows:

	Six months ended 30 June	
	2015	2014
	\$'000	\$'000
Employee benefits	899	1,693
Equity-settled share-based transactions	–	3
	899	1,696

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in United States dollars unless otherwise indicated)

16 Material Related Party Transactions (Continued)

(b) Amounts due from related companies

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Trade		
— Yanmar	738	915
Non-trade		
— CMAI	784	–
— CMP	–	4
— Birn	293	422
	1,815	1,341

All amounts due from related companies are unsecured, interest-free and are expected to be recovered within one year. There was no provision made against these amounts at 30 June 2015.

(c) Amounts due to related companies

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Non-trade		
— CMJ	285	94
— CMAI	–	1,142
	285	1,236

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

REVIEW REPORT TO THE BOARD OF DIRECTORS OF CHINA METAL INTERNATIONAL HOLDINGS INC.

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 5 to 29 which comprises the consolidated statement of financial position of China Metal International Holdings Inc. (the “Company”) as at 30 June 2015 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

REVIEW REPORT TO THE BOARD OF DIRECTORS OF CHINA METAL INTERNATIONAL HOLDINGS INC. (Continued)

(Incorporated in the Cayman Islands with limited liability)

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2015 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

13 August 2015

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group's recorded turnover and profit attributable to equity shareholders for the six months ended 30 June 2015 amounted to US\$155,801,000 and US\$17,965,000 (six months ended 30 June 2014: US\$177,753,000 and US\$19,015,000). Gross profit for the six months ended 30 June 2015 amounted to approximately US\$36,692,000 (six months ended 30 June 2014: US\$43,626,000), representing a gross profit margin of approximately 23.6% (six months ended 30 June 2014: 24.5%). Operating profit for the six months ended 30 June 2015 was approximately US\$21,533,000 (six months ended 30 June 2014: US\$25,737,000) or 13.8% (six months ended 30 June 2014: 14.5%) of recorded turnover. Net profit for the six months ended 30 June 2015 was approximately US\$17,965,000 (six months ended 30 June 2014: US\$19,015,000) or 11.5% (six months ended 30 June 2014: 10.7%) of recorded turnover.

Started from the beginning of 2015, the Company has integrated business teams of different plants and coordinated the management and operation which has led to a better utilization of plants. Some of the manufacture process has been transferred and combined to save manpower. In this regard, the Group recorded a compensation expense of US\$2,300,000 during the review period. The Group's operating profit margin was 15.3% excluding the compensation expense (six months ended 30 June 2014: 14.5%).

Liquidity and financial resources

As at 30 June 2015, the Group had a total banking facilities amounted to US\$142,424,000 (31 December 2014: US\$127,592,000) which were utilized to the extent of US\$50,357,000 (31 December 2014: US\$67,803,000). Unsecured bank loans amounted to US\$32,857,000 were repayable within one year, US\$7,500,000 were repayable after one year but within two years, and US\$10,000,000 were repayable after two years but within five years respectively (31 December 2014: US\$44,357,000, US\$6,429,000 and US\$14,250,000).

The Group's cash and cash equivalents amounted to US\$42,620,000 (31 December 2014: US\$38,838,000).

Charges on assets

As at 30 June 2015, bank deposits amounting to US\$122,000 (31 December 2014: US\$2,260,000) were pledged to secure banking facilities granted to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

(Continued)

Capital structure

The Company's issued share capital as at 30 June 2015 is HK\$10,062,120 divided into 1,006,212,000 shares of HK\$0.01 each.

The Group adopts a prudent financial policy, and its debt-to-asset ratio (a ratio of total liabilities to total assets) and the gearing ratio (a ratio of total loans to total assets) is 23.1% (31 December 2014: 27.8%) and 11.2% (31 December 2014: 13.9%), respectively. The Group continued to monitor debt collection policy so as to minimize the risks of sales on credit and to ensure that funds are timely collected.

As at 30 June 2015, earnings per share was US cents 1.79 (30 June 2014: US cents 1.89).

Significant investments

As at 30 June 2015, the Group held unlisted equity securities outside Hong Kong of US\$72,000 (31 December 2014: US\$72,000).

Material acquisition and disposals of subsidiaries or affiliated companies

The Group has not made any material acquisition or disposal of subsidiaries or affiliated companies during the period under review.

Segmental information

Details of segmental information of the Group as at 30 June 2015 are set out in note 3 above.

MANAGEMENT DISCUSSION AND ANALYSIS

(Continued)

Employee benefits

The remuneration policy of the Company is reviewed annually by the Remuneration Committee so as to keep the policy in line with the prevailing market practice.

The Directors and all members of the senior management of the Group, being non-PRC citizens, are not entitled to the state-managed social welfare scheme operated by the local government in the PRC. However, the senior management of the Group, being non-PRC citizens, has been provided a defined-benefit retirement scheme which is administrated by China Metal Products Company Limited (“CMP”) in Taiwan during the period. During the period under review, the Group reimbursed US\$94,000 (six months ended 30 June 2014: US\$117,000) to CMP as the Group’s share of contribution to such retirement scheme. The Group is not obliged to incur any liability beyond the contribution.

Foreign currency exposure

The Group’s sales are mostly denominated in Renminbi and United States dollars. The Group has not experienced any material difficulties or negative impact on its operations as a result of fluctuations in currency exchange rates. Nevertheless, the Group will continue to monitor the foreign exchange exposure and will take prudent measures when needed.

The Renminbi currently is not a freely convertible currency. A portion of the Group’s Renminbi revenue or profit may be converted into other currencies to meet foreign currency obligations of the Group such as the payment of dividends, if declared.

Contingent Liabilities

As at 30 June 2015, no contingent liabilities were noted by the Directors.

Interim Dividend

The Directors resolved the declaration of an interim dividend of US cent 0.80 (equivalent to HK cents 6.20) per ordinary share for the six months ended 30 June 2015 and a special dividend of US cents 1.39 (equivalent to HK cents 10.77) payable on Friday, 16 October 2015 to the shareholders whose names appear on the register of members of the Company on Tuesday, 6 October 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

(Continued)

Closure of Register of Members

For determining the entitlement of the shareholders to the interim and special dividends, the register of members of the Company will be closed from Monday, 5 October 2015 to Tuesday, 6 October 2015, both days inclusive, during which period no transfer of shares shall be registered. In order to qualify for the interim and special dividends, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 2 October 2015.

OTHER INFORMATION

DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2015, the interests or short positions of the Directors in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), are set out below:

Interests and short positions in shares and underlying shares of the Company

Name of Directors	Type of Interests	Long position/ Short position	Number of ordinary shares/ underlying shares of the Company held	Approximate percentage of the issued ordinary share capital of the Company
Mr. TSAO Ming-Hong	Beneficial interest	Long position	7,373,766 (Note 1)	0.73%
	Family interest	Long position	166,386 (Note 2)	0.02%
Ms. CHEN Shun Min	Beneficial interest	Long position	5,595,320 (Note 3)	0.56%
Ms. HO Pei-Lin	Beneficial interest	Long position	783,193	0.08%
	Family interest	Long position	861,435 (Note 4)	0.09%

OTHER INFORMATION (Continued)

Name of Directors	Type of Interests	Long position/ Short position	Number of ordinary shares/ underlying shares of the Company held	Approximate percentage of the issued ordinary share capital of the Company
Mr. Christian Odgaard PEDERSEN	Beneficial interest	Long position	1,800,000 (Note 5)	0.18%
Mrs. CHIU LIN Mei-Yu	Beneficial interest	Long position	300,000 (Note 6)	0.03%
Mr. CHEN Pou-Tsang	Beneficial interest	Long position	212,000	0.02%

Notes:

1. Included interest in 1,000,000 shares derived from the share options granted by the Company, details are set out in the section headed "Share Option Schemes".
2. Pursuant to section 316 of the SFO, Mr. Tsao Ming-Hong is deemed to be interested in 166,386 shares held by his spouse, Ms. Lin Hsiu Man.
3. Included interest in 900,000 shares derived from the share options granted by the Company, details are set out in the section headed "Share Option Schemes".
4. Pursuant to section 316 of the SFO, Ms. Ho Pei-Lin is deemed to be interested in 861,435 shares held by her spouse, Mr. Wu Cheng-Tao.
5. Included interest in 300,000 shares derived from the share options granted by the Company, details are set out in the section headed "Share Option Schemes".
6. Included interest in 180,000 shares derived from the share options granted by the Company, details are set out in the section headed "Share option Schemes".

OTHER INFORMATION (Continued)

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/OTHER PERSONS RECORDED IN THE REGISTER KEPT UNDER SECTION 336 OF THE SFO

As at 30 June 2015, so far as is known to the Directors and chief executives of the Company, the interests or short positions of substantial shareholders/other persons in the shares and underlying shares of the Company as recorded in the register of the Company required to be kept under section 336 of the SFO were as follows:

Interests and short positions of substantial shareholders or other persons in shares and underlying shares of the Company

Name	Capacity	Long position/ Short position	Number of ordinary shares of the Company held	Approximate percentage of the issued ordinary share capital of the Company
China Metal Products Company Limited ("CMP")	Controlled corporation	Long position	533,400,059	53.01%
United Elite Agents Limited ("UEA") (Note)	Beneficial interest	Long position	533,400,059	53.01%
Vald Birns Holding A/S	Beneficial interest	Long position	102,298,922	10.17%
Delta Lloyd Asset Management NV	Investment manager	Long position	70,310,000	6.99%

Note: UEA is wholly and beneficially owned by CMP, a company incorporated in Taiwan whose shares are listed on the Taiwan Stock Exchange Corporation.

OTHER INFORMATION (Continued)

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 30 June 2015.

SHARE OPTION SCHEMES

The Company adopted a new share option scheme (the "New Scheme") on 13 May 2014 pursuant to the resolution passed by the shareholders of the Company at the annual general meeting held on 9 May 2014, and simultaneously terminated the share option scheme adopted 8 December 2004 (the "Old Scheme"). The purpose of the New Scheme and the Old Scheme is to enable the Board to grant options to the selected eligible participants including, among others, employees and Directors of the Company, to motivate them and to optimize their performance and efficiency for the benefit of the Group, and attract and retain or otherwise maintain on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group.

Details of the movement in the share options granted under the Old Scheme during the six months ended 30 June 2015 are as follows:

Grantee	Date of grant of share options	Exercisable period	Exercise price of share options (HK\$)	Number of share options		
				Outstanding at 1 January 2015	Lapsed during the period	Outstanding at 30 June 2015
Directors						
Mr. TSAO Ming-Hong	03.01.2011	03.01.2014 to 02.01.2021 (Note 1)	2.52	1,000,000	–	1,000,000
Ms. CHEN Shun Min	03.01.2011	03.01.2014 to 02.01.2021 (Note 1)	2.52	900,000	–	900,000
Mr. Christian Odgaard PEDERSEN	03.01.2011	03.01.2014 to 02.01.2021 (Note 1)	2.52	300,000	–	300,000

OTHER INFORMATION (Continued)

SHARE OPTION SCHEMES (Continued)

Grantee	Date of grant of share options	Exercisable period	Exercise price of share options (HK\$)	Number of share options		
				Outstanding at 1 January 2015	Lapsed during the period	Outstanding at 30 June 2015
Mrs. CHIU LIN Mei-Yu	03.01.2011	03.01.2014 to 02.01.2021 (Note 1)	2.52	180,000	–	180,000
Sub-total				2,380,000	–	2,380,000
Employees						
In aggregate	03.01.2011	03.01.2014 to 02.01.2021	2.52	7,140,000	(600,000)	6,540,000
Total				9,520,000	(600,000)	8,920,000

Note: 40% of the above share options are exercisable from 3 January 2014; 30% of the share options are exercisable from 3 January 2015; and the remaining 30% of the share options are exercisable from 3 January 2016.

No options were granted under the New Scheme since its adoption, and the number of share options available for grant is 100,433,200, representing approximately 9.98% of the issued share capital of the Company as at the date of this report.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as the code of conduct regarding securities transactions by the Directors.

The Company confirms that, having made specific enquiry of all Directors, all Directors have complied with the required standards as set out in the Model Code for the six months ended 30 June 2015.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has all along committed to fulfilling its responsibilities to its shareholders by ensuring that the proper processes for supervision and management of the Group's businesses are duly operated and reviewed and that good corporate governance practices and procedures are established throughout the six months ended 30 June 2015.

The Company has adopted the code provisions set out in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules ("CG Code").

During the six months ended 30 June 2015, the Company was in compliance with all code provisions set out in the CG Code except for the deviation of code provision A.2.1 of the CG Code that the role of chairman and chief executive officer should be separate and should not be performed by the same individual, but the Company has not appointed a chief executive and the role and functions of chief executive have been performed by all the executive Directors, including the Chairman, collectively.

OTHER INFORMATION (Continued)

Save as the above-mentioned and in the opinion of the Directors, the Company has met the code provisions set out in the CG Code during the six months ended 30 June 2015.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 8 December 2004 with written terms of reference and revised on 28 March 2012 to comply with the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee comprises three independent non-executive Directors, Mr. Lam Ting Lok (as chairman), Mrs. Chiu Lin Mei-Yu and Mr. Chen Pou-Tsang. The Audit Committee has reviewed the unaudited interim financial report of the Group for the six months ended 30 June 2015.

On behalf of the Board
China Metal International Holdings Inc.
King Fong-Tien
Chairman

Hong Kong, 13 August 2015