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 2015

The board (the "Board") of directors (the "Directors") of Xingye Copper International Group Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2015:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015 (unaudited)

		Six months ended 30 June	
		2015	2014
	Notes	***RMB'000***	*RMB'000*
Revenue	*4*	**1,476,040**	1,667,383
Cost of sales		**(1,347,319)**	(1,536,692)
Gross profit		**128,721**	130,691
Other income		**13,206**	11,062
Other gains and losses, net		**21,424**	(19,409)
Distribution expenses		**(13,136)**	(11,325)
Administrative expenses		**(90,349)**	(79,652)
Share of profit of an associate		**–**	–
Share of loss of a joint venture		**–**	–
Finance costs	*5*	**(20,311)**	(20,490)
Profit before tax		**39,555**	10,877
Income tax expense	*6*	**(6,109)**	(2,462)
Profit for the period	*7*	**33,446**	8,415
Profit for the period attributable to:			
Owners of the Company		**31,920**	7,786
Non-controlling interests		**1,526**	629
		33,446	8,415
Earnings per share			
– Basic and diluted *(RMB cents)*	*9*	**4.56**	1.11

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015 (unaudited)

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Profit for the period	**33,446**	8,415
Other comprehensive income for the period:		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations, net of nil tax	**(22)**	171
Total comprehensive income for the period	**33,424**	8,586
Total comprehensive income for the period attributable to:		
Owners of the Company	**31,898**	7,957
Non-controlling interests	**1,526**	629
	33,424	8,586

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2015 (unaudited)

	Notes	**At 30 June 2015**	At 31 December 2014
		RMB'000	*RMB'000* (Restated)
Non-current assets			
Property, plant and equipment		**1,121,176**	1,058,412
Lease prepayments		**14,378**	14,557
Interest in an associate		**6,579**	6,579
Available-for-sale investment		**–**	33,908
Deposit for acquisition of property, plant and equipment		**11,397**	12,596
		1,153,530	1,126,052
Current assets			
Inventories		**414,483**	497,998
Trade and other receivables	*10*	**393,321**	425,647
Loan receivables		**–**	49,334
Pledged deposits		**64,109**	222,319
Cash and cash equivalents		**79,557**	123,058
Derivative financial instruments		**2,039**	3,809
		953,509	1,322,165
Current liabilities			
Trade and other payables	*11*	**462,831**	547,444
Interest-bearing borrowings		**569,197**	840,800
Income tax payables		**13,651**	2,568
		1,045,679	1,390,812
Net current liabilities		**(92,170)**	(68,647)
Total assets less current liabilities		**1,061,360**	1,057,405
Non-current liabilities			
Interest-bearing borrowings	*12*	**263,996**	284,691
Deferred income		**49,293**	43,056
Deferred tax liabilities		**11,242**	12,488
		324,531	340,235
Net assets		**736,829**	717,170
Capital and reserves			
Share capital	*13*	**65,016**	64,881
Reserves		**647,985**	615,837
Equity attributable to owners of the Company		**713,001**	680,718
Non-controlling interests		**23,828**	36,452
Total equity		**736,829**	717,170

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL RESULTS

1. BASIS OF PREPARATION

Xingye Copper International Group Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on 19 July 2007 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The interim financial report as at and for the six months ended 30 June 2015 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 International Accounting Standard ("IAS") 34 "Interim Financial Reporting" as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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 for any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in accordance with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. 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 full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

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

As at 30 June 2015, the Group had net current liabilities of approximately RMB92.2 million. The Group has unutilised banking facilities of RMB552.5 million as at 30 June 2015 that will not expire within 12 months from 30 June 2015. Taking into account the Group's financial position, results of operations and credit history, the directors of the Company considered it is unlikely that the banks will terminate the facilities granted to the Group prior to their expiry and the directors of the Company did not foresee any difficulties for the Group to renew the facilities. Taking into account such, in the opinion of the directors of the Company, the Group will have sufficient working capital for the twelve months after the end of the reporting period and thus it is appropriate to prepare the condensed consolidated interim financial statements on the going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

In the current interim period, the Group has applied, for the first time, the following new Interpretation and amendments to IFRSs issued by the International Accounting Standard Board ("IASB") that are relevant for the preparation of the Group's condensed consolidated interim financial statements:

Annual Improvement to IFRSs 2010-2012 Cycle
Annual Improvement to IFRSs 2011-2013 Cycle

The application of the above new interpretation and amendments to IFRSs in the current interim period has had no material effect on how the Group's results and financial position for the current or prior period have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current interim period.

3. CORRECTION OF PRIOR PERIOD ACCOUNTING ERRORS

During the current period, the directors of the Company corrected two accounting errors on the consolidated statement of financial position as at 31 December 2014 in respect of elimination of intercompany balances and overseas purchase cut off. The effect of the corrections on the consolidated statement of financial position as at 31 December 2014 is set out as follows:

	As previously reported	**Correction**	**As restated**
	RMB'000		*RMB'000*
Inventories	420,290	77,708	497,998
Trade and other receivables	530,047	(104,400)	425,647
Trade and other payables	574,136	(26,692)	547,444

4. REVENUE AND SEGMENT REPORTING

Segment results

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

Six months ended 30 June 2015 (unaudited):

	Sales of copper products	**Trading of raw materials**	**Processing services**	**Investment**	**Elimination**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
SEGMENT REVENUE	**3,082,169**	**137,309**	**81,900**	**–**	**(1,825,338)**	**1,476,040**
SEGMENT REVENUE AND OTHER INCOME						
External sales	**1,277,667**	**126,460**	**71,913**	**–**	**–**	**1,476,040**
Intra-segment sales	**1,804,502**	**10,849**	**9,987**	**–**	**(1,825,338)**	**–**
Segment revenue	**3,082,169**	**137,309**	**81,900**	**–**	**(1,825,338)**	**1,476,040**
Total segment revenue and other income	**3,082,169**	**137,309**	**81,900**	**–**	**(1,825,338)**	**1,476,040**
Segment profit	**85,542**	**3,665**	**39,514**			**128,721**
Unallocated income and gains						**34,630**
Unallocated expense						**(103,485)**
Finance costs						**(20,311)**
Profit before tax						**39,555**

Six months ended 30 June 2014 (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 REVENUE	1,475,131	1,272,485	71,989	1,093	(1,152,222)	1,668,476
SEGMENT REVENUE AND OTHER INCOME						
External sales	1,291,154	308,573	67,656	–	–	1,667,383
Intra-segment sales	183,977	963,912	4,333	–	(1,152,222)	–
Segment revenue	1,475,131	1,272,485	71,989	–	(1,152,222)	1,667,383
Total segment revenue and other income	1,475,131	1,272,485	71,989	–	(1,152,222)	1,667,383
Segment profit	81,918	5,708	43,065			130,691
Unallocated income and gains						(8,347)
Unallocated expense						(90,977)
Finance costs						(20,490)
Profit before tax						10,877

5. FINANCE COSTS

	Six months ended 30 June **2015** *RMB'000*	2014 *RMB'000*
Interest on bank borrowings	**29,065**	24,309
Less: Interest capitalised	**(8,754)**	(3,819)
	20,311	20,490

6. INCOME TAX EXPENSE

Tax expense is recognised based on management's best estimates of the weighted-average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period.

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

	Six months ended 30 June **2015** *RMB'000*	2014 *RMB'000*
Current tax expense		
Provision for PRC corporate income tax	**7,355**	7,863
Deferred tax	**(1,246)**	(5,401)
	6,109	2,462

The Group's consolidated effective tax rate for the six months ended 30 June 2015 was 15% (six months ended 30 June 2014: 23%). The change in effective tax rate was caused mainly by the fact that Ningbo Xingye Shengtai Group Ltd. ("Shengtai") was certified as "High Technology and Innovative Enterprise" in October 2014 and was entitled to the preferential income tax rate of 15% instead of the statutory income tax rate of 25% since then. For the six months ended 30 June 2014, income tax provision of Shengtai was calculated using the applicable rate of 25%.

7. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Cost of inventories recognised as an expense	**1,347,319**	1,536,692
Staff costs	**41,810**	35,749
Depreciation of property, plant and equipment	**34,301**	29,590
Amortisation of lease prepayments	**179**	427
Total depreciation and amortisation	**34,480**	30,017
Government grants	**(8,444)**	(5,175)
Bank interest income	**(4,762)**	(2,613)
Interest income from loan receivables	**–**	(3,248)
Interest income from non-controlling interests	**–**	–
Loss on disposal/written-off of property, plant and equipment	**356**	14,299
Gain on disposal of an associate	**–**	–
Net realised gains on derivative financial instruments	**(17,776)**	(16,654)
Net unrealised loss on derivative financial instruments	**1,770**	3,241
Net exchange losses (gains)	**(2,053)**	2,832
Impairment loss in respect of property, plant and equipment	**–**	19,335
Reversal of impairment loss in respect of prepaid lease payment	**–**	(1,977)
Share-based payment expenses	**–**	1,926
Loss on disposal of interest in a subsidiary	**426**	–

8. DIVIDENDS

During the period ended 30 June 2015, no dividend was declared or distributed and the directors of the Company have determined that no dividend will be paid in respect of the interim period.

9. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the six months ended 30 June 2015 is based on the profit attributable to the equity shareholders of the Company of RMB31,920,000 (six months ended 30 June 2014: RMB7,786,000) and the weighted average number of 700,351,950 (six months ended 30 June 2014: 699,501,950) ordinary shares in issue during the period.

	Six months ended 30 June	
Number of shares ('000)	**2015**	2014
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**700,352**	699,502

The computation of diluted earnings per share for the six months ended 30 June 2014 does not assume the exercise of the Group's outstanding share options as the exercise price of those options was higher than the average market price of the Company's shares.

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2015	At 31 December 2014
	RMB'000	*RMB'000*
		(Restated)
Trade and bills receivables	**277,251**	277,460
Trade receivable from a joint venture	**47**	10,090
Sub-total	**277,298**	287,550
Less: accumulated impairment	**0**	(4,782)
	277,298	282,768
Other receivables	**68,559**	76,153
Prepayments	**47,105**	66,367
Current portion of lease prepayment	**359**	359
	393,321	425,647

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

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

	At 30 June 2015 *RMB'000*	At 31 December 2014 *RMB'000* (Restated)
Within 3 months	**257,009**	245,043
Over 3 months but less than 6 months	**15,649**	30,550
Over 6 months but less than 1 year	**3,366**	1,100
Over 1 year	**1,274**	6,075
	277,298	282,768

11. TRADE AND OTHER PAYABLES

	At 30 June 2015 *RMB'000*	At 31 December 2014 *RMB'000* (Restated)
Trade and bills payables	**348,023**	424,298
Trade payable due to a joint venture	**38**	54
Sub-total	**348,061**	424,352
Other payables and accruals*	**114,770**	123,092
	462,831	547,444

* *Included in other payables is an advance of RMB2,450,000 (2014: RMB2,450,000) received from a non-controlling interest which is unsecured, interest-free and repayable on demand.*

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

	At 30 June 2015 *RMB'000*	At 31 December 2014 *RMB'000* (Restated)
Within 3 months	**327,403**	396,642
Over 3 months but less than 6 months	**2,716**	22,069
Over 6 months but less than 1 year	**14,987**	2,745
Over 1 year	**2,955**	2,896
	348,061	424,352

12. INTEREST-BEARING BORROWINGS

	At 30 June 2015 *RMB'000*	At 31 December 2014 *RMB'000*
Secured bank loans	**765,818**	879,417
Discounted bills	**1,500**	132,015
Unsecured bank loans	**65,875**	114,059
	833,193	1,125,491
Carrying amount payable (based on scheduled repayment dates set out in the loan agreements):		
Within one year	**569,197**	840,800
More than one year, but not exceeding five years	**263,996**	284,691
	833,193	1,125,491
Less: Amounts due within one year shown under current liabilities	**(569,197)**	(840,800)
Amounts shown under non-current liabilities	**263,996**	284,691

During the current interim period, the Group raised new borrowings and repaid borrowings of RMB838 million (period ended 30 June 2014: RMB1,236 million) and RMB1,131 million (period ended 30 June 2014: RMB762 million) respectively.

13. 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 2014, 31 December 2014, 1 January 2015	699,502	69,950	64,881
Share option exercised	1,700	170	135
At 30 June 2015	701,202	70,120	65,016

Placing of new shares (the "Placing Shares") under general mandate

On 3 July 2015, the Group completed a placing (the "Placing") of new shares under general mandate. An aggregate of 109,914,000 Placing Shares (representing approximately 13.55% of the issued share capital of the Company as enlarged by the 109,914,000 Placing Shares) have been allotted and issued to not less than six placees at the placing price of HK$0.88 per Placing Share. The gross proceeds from the Placing of 109,914,000 Placing Shares at the placing price of HK$0.88 per Placing Share are approximately HK$96.72 million and the net proceeds, after deducting the placing commission payable to the placing agent and other expenses incurred in the Placing, are approximately HK$95.49 million. Right after the Placing, the total number of shares in issue of the Company was 811,115,950. Details of the Placing can be made reference to the announcements on 22 June 2015 and 3 July 2015.

14. CAPITAL COMMITMENTS

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

	At 30 June 2015	At 31 December 2014
	RMB'000	*RMB'000*
Authorised but not contracted for in respect of acquisition of property, plant and equipment	**–**	–
Contracted for in respect of acquisition of:		
– Property, plant and equipment	**8,316**	39,707
	8,316	39,707

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

During the first half year of 2015, as the growth of global economy continued to present a downward trend and the growth of trading industry was weak, the road to global economic recovery would still be winding. Yet, despite the slowdown of economic growth in the face of pressure exerted on economic transformation and structural adjustments, it appeared to be more obvious that China was gaining a good momentum. With the combined impact of the general fall in international commodity prices in the non-ferrous metal industry, excess production capacity and other factors, the downward pressure on prices of copper in the medium to long run was still high. And as a result, the development of the industry has entered a period of strategic adjustments. Although copper prices experienced a short-term rebound in the first half of 2015, given the strong U.S. dollar, it is expected that copper prices will search for a bottom after continuous volatility. In spite of the difficulties experienced in the course of adjustments regarding the copper processing industry as a whole, with strategies developed by the newly-formed core management team and unremitting efforts of employees, the Group recorded significant profit growth as compared to the corresponding period of last year. Specific measures are as follows:

We integrated our resources and focused on the establishment of talent echelon. Also, we adjusted our internal organizational structure to improve the management system. Through closing, merging and incorporation of the entities within the Group, we rationalized our mechanism to further consolidate and optimize our resources. We focused on the recruitment of "top-tier" professionals, paid more efforts to train management officers, created the position of assistant to department head and trained a team of talents familiar with specialized technologies and management skills.

We were able to maintain our industry-leading position through innovation and continuous R&D. We introduced advanced technology management teams from overseas to refine our production techniques, and therefore enhanced the products yield and stabilized the quality. Through collaborating with renowned overseas and domestic universities and colleges, R&D offices and laboratory factories were established to focus on the development and commercial production of high-tech copper-based alloys strip products, aimed to substitute imported products.

We upgraded the management competence to sharpen our core competitiveness. We aim to improve the establishment of our information platform by introducing an advanced data collection and management system, and a workshop-based unit verification system and a product-based cost calculation system are being established to enhance the control on capital and logistics, thus upgrading the management standard and efficiency of the Group.

Our management believes, with the stable and positive development trend seen in the first half of 2015 and the collective endeavors of all employees, the Group will continue to deliver solid growth in earnings and be able to secure the industry-leading position through continuous improvements in production and management.

Meanwhile, the new management team led by the Group's chief executive officer is actively considering our development direction and finding ways to search for investment with better yield in the internet era, thus creating more value for the Group and its shareholders.

FINANCIAL REVIEW

Revenue and gross profit

The Group's revenue for the six months ended 30 June 2015 amounted to RMB1,476.0 million, representing a decrease of 11.5% compared to RMB1,667.4 million of the corresponding period in 2014. Sales generated from the sale of high precision copper plates and strips, provision of processing services and trading of raw materials amounted to RMB1,277.7 million, RMB71.9 million and RMB126.4 million respectively (for the six months ended 30 June 2014: RMB1,291.2 million, RMB67.7 million and RMB308.5 million respectively). For the six months ended 30 June 2015, 86.6%, 4.9% and 8.5% of total revenue was derived from the sales of high precision copper plates and strips, provision of processing services and trading of raw materials respectively (for the six months ended 30 June 2014: 77.4%, 4.1% and 18.5% respectively). The volume of sales of high precision copper plates and strips, provision of processing services and trading of raw material were 31,417 tonnes, 13,917 tonnes and 3,914 tonnes respectively, making 63.8%, 28.3% and 7.9% of the total.

The decrease in revenue was mainly because the Group had reduced the volume of raw material trading during the current interim period as compared with that of the corresponding period last year.

The overall gross profit of the Group for the period under review increased to 8.7% from 7.8% of the corresponding period in 2014, which was mainly due to a decrease in production cost per ton as a result of improvement of efficiency.

Other income

During the six months ended 30 June 2015, the Group's other income amounted to RMB13.2 million in total, representing an increase of 18.9% compared to RMB11.1 million of the corresponding period of last year, which was mainly attributable to an increase in government grants by RMB3.2 million.

Other net gains and losses

For the six months ended 30 June 2015, the Group recorded other net gains amounting to RMB21.4 million while recording other net losses of RMB19.4 million for the corresponding period of last year. Such increase was mainly due to i) the write-off of equipments of approximately RMB14.3 million which were scrapped in the corresponding period of last year because they were no longer in use; ii) an impairment loss of approximately RMB19.3 million in respect of an idle equipment recognised in the corresponding period of last year; iii) an increase in gain from hedging activities involving copper futures contracts by RMB2.6 million to RMB16.0 million in the current interim period from RMB13.4 million in the same period of last year; and iv) the recording of a net foreign exchange gain of RMB2.1 million in the current interim period while recording a net loss of approximately RMB2.8 million in the same period of last year.

Distribution expenses

For the six months ended 30 June 2015, the ratio of distribution expenses to revenue rose to 0.89% as compared to 0.66% of the corresponding period of last year.

Administrative expenses

For the six months ended 30 June 2015, the Group's administrative expenses increased by 13.3% to RMB90.3 million from RMB79.7 million in the same period of last year, which was attributable to an increase in research and development expenses by RMB15.3 million to RMB58.1 million from RMB42.8 million of the corresponding period of last year.

Finance costs

Including the financial costs capitalized for construction in progress amounting to RMB8.7 million (corresponding period of last year: RMB3.8 million), the Group's finance costs for the six months ended 30 June 2015 amounted to RMB29.1 million, representing an increase of 19.6% compared to that of RMB24.3 million of the corresponding period of last year, which was mainly due to an increase in long-term bank borrowings.

Income tax

For the six months ended 30 June 2015, the Group's income tax expense was RMB6.1 million (corresponding period of last year: RMB2.5 million). The effective tax rate decreased to 15.4% in the six months ended 30 June 2015 from 22.6% for the corresponding period of last year, which was primarily attributable to the fact that Ningbo Xingye Shengtai Group Ltd. was certified as a "High Technology and Innovative Enterprise" in October 2014 and entitled to the preferential income tax rate of 15% instead of the statutory income tax rate of 25% since then. For the six months ended 30 June 2014, the tax provision of Shengtai was calculated using the applicable rate of 25%.

Profit attributable to owners of the Company

The profit attributable to owners of the Company for the six months ended 30 June 2015 amounted to RMB31.9 million, representing an increase of RMB24.1 million compared to that of RMB7.8 million of the corresponding period of last year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, the Group recorded net current liabilities of RMB92.2 million, which was primarily due to capital expenditure made in current period under review being largely financed by short-term bank borrowings. Capital expenditures are used to purchase manufacturing equipment, land and buildings according to the development plan of the Group.

As a percentage of total interest-bearing borrowings, the short-term interest-bearing borrowings represented 68.3% as at 30 June 2015. As at the date of this announcement, the Group had not experienced any difficulty in raising funds by securing and rolling over the short-term loans borrowed from various banks in the PRC, which were renewed on an annual basis in accordance with local market practice.

Despite the net current liability as at 30 June 2015, owing to the Group's ability to generate cash from operating activities, good credit standing and relationships with principal lending banks and available undrawn banking facilities of RMB552.5 million that will not expire within 12 months from 30 June 2015 (including long term loan facilities amounted to RMB135.4 million effective until 2017) and cash at banks of RMB143.7 million (comprised pledged deposits of RMB64.1 million and cash and cash equivalents of RMB79.6 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 2015, the Group had outstanding bank loans of approximately RMB833.2 million, of which RMB569.2 million shall be repaid within 1 year. As at 30 June 2015, 91.9% of the Group's debts was on secured basis.

The gearing ratio in the period of under review was 39.5% (31 December 2014: 46.0%), which is calculated by dividing the total borrowings over the total assets.

Charge on assets

As at 30 June 2015, the Group pledged assets with an aggregate carrying value of approximately RMB1,023.9 million (31 December 2014: RMB975.3 million) to secure bank loans and facilities of the Group.

Capital expenditure

For the six months ended 30 June 2015, the Group has invested approximately RMB105.7 million for purchase of property, plant and equipment. These capital expenditures were financed by bank borrowings.

Capital commitments

As at 30 June 2015, the Group had contracted but not provided for future capital expenditures amounting to RMB8.3 million.

Contingent liabilities

As at 30 June 2015, the Group did not have any significant contingent liabilities.

MARKET RISK

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

Price risk

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

The Group uses its Shanghai Futures Exchange and London Metal Exchange copper futures contracts to hedge against fluctuations in copper price. The Group recorded a gain on futures contracts of approximately RMB16.0 million for the six months ended 30 June 2015, which was approximately RMB13.4 million in the corresponding period of last year.

Interest rate risk

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

Foreign exchange risk

The Group's export sales and certain part of the purchase of raw materials were denominated in foreign currencies, primarily U.S. dollars. Therefore, fluctuations in the exchange rate may have an impact on the Group's operating results. The Group has not entered into any foreign exchange contract to hedge against foreign exchange rate risk. For the period under review, the Group had recorded a net foreign exchange gain of RMB2.1 million while recording a net loss of RMB2.8 million for the corresponding period in 2014.

Employees

As at 30 June 2015, the total number of the Group's employees was 1,202 (30 June 2014: 1,253). Remuneration policies are reviewed periodically to ensure that the Group is offering competitive employment packages to our employees. The employees' benefits include salaries, pensions, medical insurance scheme and other applicable social insurance. Promotion and salary increments are assessed in accordance with performance. The Group's business growth depends on its employees' skills and contributions. The Group believes in the important position of human resources in a highly competitive industry and has devoted resources for training its employees. The Group has established an annual training program for our new employees so that the new employees can master the basic skills required to perform their duties, and existing employees can enhance or upgrade their skills.

AUDIT COMMITTEE

The audit committee of the Board has reviewed with the management the accounting principles and practices adopted by the Group and discussed the financial reporting matters including the review of the interim report for the period under review prepared in accordance with the International Financial Reporting Standards.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the period under review.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the Model Code as set out in Appendix 10 to the Listing Rules (the "Model Code"). 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 2015.

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 2015.

INTERIM DIVIDEND

The Board does not declare the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

PUBLICATION OF 2015 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 Clearing Limited (www.hkexnews.hk). The Company's 2015 interim report will be made available on the websites of the Company and Hong Kong Exchanges and Clearing 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, 26 August 2015

As at the date of this announcement, the executive directors of the Company are Mr. HU Changyuan, Mr. HU Minglie, Mr. WANG Jianli, Mr. MA Wanjun and Mr. CHEN Jianhua, the non-executive director of the Company is Mr. DAI Jianchun and the independent non-executive directors of the Company are Mr. MAO Xuechang, Mr. CHAI Chaoming and Dr. LOU Dong.