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)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

The board of directors (the "Board") of Xingye Copper International Group Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2013 together with comparative figures for the year ended 31 December 2012 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2013

	Notes	**2013** *RMB'000*	2012 *RMB'000*
Revenue	*4*	**3,603,600**	3,229,126
Cost of sales		**(3,481,218)**	(3,081,455)
Gross profit		**122,382**	147,671
Other income	*5*	**35,928**	40,435
Other gains and losses, net	*6*	**18,541**	14,245
Distribution expenses		**(24,030)**	(21,275)
Administrative expenses		**(77,292)**	(77,348)
Share of profits of associates		**334**	3,796
Share of loss of a joint venture		**(12,032)**	(470)
Finance costs	*7*	**(42,345)**	(49,603)
Profit before tax		**21,486**	57,451
Income tax expenses	*8*	**11,866**	(24,357)
Profit for the year		**9,620**	33,094
Profit for the year attributable to:			
Owners of the Company		**8,998**	32,411
Non-controlling interests		**622**	683
		9,620	33,094
Earnings per share			
Basic *(RMB)*	*9*	**0.01**	0.05
Diluted *(RMB)*	*9*	**0.01**	0.05

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	2013 *RMB'000*	2012 *RMB'000*
Profit for the year	**9,620**	33,094
Other comprehensive expense		
Items that will be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(1,346)**	(1,384)
Total comprehensive income for the year	**8,274**	31,710
Total comprehensive income attributable to:		
Owners of the Company	**7,652**	31,027
Non-controlling interests	**622**	683
	8,274	31,710

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment	11	**728,155**	608,414
Lease prepayments		**29,714**	35,852
Interest in an associate		**6,613**	21,083
Interest in a joint venture		**–**	12,032
Available-for-sale investments		**35,000**	37,870
Deposits for acquisition of property, plant and equipment		**77,783**	34,998
		877,265	750,249
Current assets			
Inventories	12	**427,909**	467,244
Trade and other receivables	13	**444,182**	446,196
Loan receivables		**60,396**	28,274
Derivative financial instruments		**–**	3,734
Pledged deposits		**103,294**	117,854
Cash and cash equivalents		**56,730**	87,603
		1,092,511	1,150,905
Current liabilities			
Trade and other payables	14	**449,060**	390,497
Derivatives financial instruments		**2,872**	–
Interest-bearing borrowings	15	**775,769**	765,655
Income tax payable		**11,769**	15,262
		1,239,470	1,171,414
Net current liabilities		**(146,959)**	(20,509)
Total assets less current liabilities		**730,306**	729,740
Non-current liabilities			
Interest-bearing borrowings	15	**18,940**	1,420
Deferred income		**9,513**	9,986
Deferred tax liabilities		**18,939**	19,889
		47,392	31,295
Net assets		**682,914**	698,445
Capital and Reserves			
Share capital		**64,881**	64,881
Reserves		**598,466**	615,161
Equity attributable to owners of the Company		**663,347**	680,042
Non-controlling interests		**19,567**	18,403
Total Equity		**682,914**	698,445

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

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 Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands and its principal place of business is 1 Linfang Road Bailiangqiao, Zonghan, Cixi City, Ningbo City, Zhejiang Province, 315301, the People's Republic of China ("PRC"). As at the end of the reporting period and the date of these consolidated financial statements, the Company did not have any holding company.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company's PRC subsidiaries. The functional currency of the Company is Hong Kong dollar ("HK$").

2. BASIS OF PREPARATION

As at 31 December 2013, the Group had net current liabilities of RMB146,959,000.

In preparing the 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 financial position and substantial capital commitment.

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 taking into account the profitable operations of the Group, and the Group's unutilised banking facilities of RMB766 million that will be expiring after 31 December 2014.

Taking into the Group's financial position, results of operations and credit history, the directors of the Company do not believe that it is probable that the banks will terminate the facilities granted to the Group prior to their expiry. Thus, the directors of the Company consider that it is appropriate to prepare the consolidated financial statements on the going concern basis.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current year, the Group has applied the following new and revised IFRSs, which include IFRSs, International Accounting Standards ("IASs") and Interpretations ("Ints") issued by the International Accounting Standard Board ("IASB") that are relevant for the preparation of the Group's consolidated financial statements:

IFRSs (Amendments)	Annual Improvements to IFRSs 2009-2011 Cycle
IFRS 1 (Amendments)	First-time Adoption of IFRSs – Government Loan
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)	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

* IFRIC represents the International Financial Reporting Interpretations Committee.

Except as described below, the application of the new and revised IFRSs in the current year has had no material impact on the amounts reported in these consolidated financial statements and/or on the disclosures set out in the consolidated financial statements.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011) together with the amendments to IFRS 10, IFRS 11 and IFRS12 regarding the transitional guidance. IAS 27 (as revised in 2011) is not applicable to these consolidated financial statements as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the parts of IAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and SIC 12 *Consolidation – Special Purpose Entities*. IFRS 10 changes the definition of control such that an investor controls an investee if and only if it has (a) power over the investee, (b) exposure, or rights, to variable returns from its involvement with the investee and (c) the ability to use its power to affect the amount of the investor's returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

As a result of the initial application of IFRS 10, the directors of the Company made an assessment whether the Group has control over its investees at the date of initial application and concluded that the application of IFRS 10 does not result in any change in control conclusions. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, SIC – 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, has been incorporated in IAS 28 (as revised in 2011). IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under IFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under IFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, IAS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under IAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of IFRS 11. The directors concluded that the Group's investment in Yingtan Ulba Shine Metal Materials Co., Ltd. ("Ulba"), which was classified as a jointly controlled entity under IAS 31 and was accounted for using the equity method, should be classified as a joint venture under IFRS 11 and continued to be accounted for using the equity method.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of IFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

IFRS 13 Fair Value Measurement

The Group has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of IFRS 13 is broad: the fair value measurement requirements of IFRS 13 apply 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, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

IFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of 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.

IFRS 13 requires prospective application. In accordance with the transitional provisions of IFRS 13, the Group has not made any new disclosures required by IFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 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. 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.

Amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to IFRS 7 for the first time in the current year. The amendments to IFRS 7 require entities to disclose information about:

a) recognised financial instruments that are set off in accordance with IAS 32 *Financial Instruments: Presentation*; and

b) recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32.

As the Group does not have any offsetting arrangements or any master netting agreements in place, the application of these amendments has had no material impact on the disclosures or on the amounts recognised in the consolidated financial statements.

New and revised IFRSs issue but not yet effective

The Group has not early applied new or revised standards that have been issued but are not yet effective.

IFRSs (Amendment)	Annual improvement to IFRSs 2010-2012 Cycle[2]
IFRSs (Amendment)	Annual improvement to IFRSs 2011-2013 Cycle[2]
IFRS 9 and IFRS 7 (Amendments)	Mandatory Effective Date of IFRS 9 and Transition Disclosure[3]
IFRS 10, IFRS 12 and IAS 27 (Amendments)	Investment Entities[1]
IFRS 9	Financial Instruments[3]
IFRS 14	Regulatory Deferral Account[4]
IAS 19 (Amendments)	Defined Benefit Plans – Employee Contributions[2]
IAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[1]
IAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets[1]
IAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting[1]
IFRIC 21	Levies[1]

[1] *Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.*
[2] *Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.*
[3] *Available for application – the mandatory effective date will be determined when the outstanding phases of IFRS 9 are finalised.*
[4] *Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.*

The directors of the Company anticipate that, except as described below, the application of other new and revised IFRSs will have no material impact on the results and the financial position of the Group.

Annual Improvements to IFRSs 2010-2012 Cycle

The *Annual Improvements to IFRSs 2010-2012 Cycle* include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to IFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to IFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to IFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of IFRS 13 clarify that the issue of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors do not anticipate that the application of the amendments included in the *Annual Improvements to IFRSs 2010-2012 Cycle* will have a material effect on the Group's consolidated financial statements.

Annual Improvements to IFRSs 2011-2013 Cycle

The *Annual Improvements to IFRSs 2011-2013 Cycle* include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to IFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

The amendments to IAS 40 clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of IAS 40; and

(b) the transaction meets the definition of a business combination under IFRS 3.

The directors do not anticipate that the application of the amendments included in the *Annual Improvements to IFRSs 2011-2013 Cycle* will have a material effect on the Group's consolidated financial statements.

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of IFRS 9 are described as follows:

- All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors anticipate that the adoption of IFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

The directors of the Company do not anticipate that the investment entities amendments will have any effect on the Group's consolidated financial statements as the Company is not an investment entity.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The directors of the Company do not anticipate that the application of these amendments to IAS 32 will have a significant impact on the Group's consolidated financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit ("CGUs") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments to IAS 36 require disclosures on additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. If the recoverable amount is fair value less costs of disposal, an entity shall disclose the level of the fair value hierarchy within which the fair value measurement of the asset or CGU is catergorised in its entirety. The Group is required to make additional disclosures for Level 2 and Level 3 of the fair value hierarchy:

- a description of the valuation techniques used to measure the fair value less costs of disposals. If there is any change in valuation techniques, the fact and the reason should also be disclosed;
- each key assumption on which management has based its determination of fair value less costs of disposal;
- the discount rates used in the current and previous measurement if fair value less costs of disposal is measured using a present value technique.

The amendments to IAS 36 are effective for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied, and require retrospectively application.

The directors of the Company anticipate that the application of the amendments to IAS 36 may result in additional disclosures being made with regard to the impairment assessment on non-financial assets.

4. TURNOVER AND SEGMENT INFORMATION

Information reported to the board of directors, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments are as follows:

1) Sales of copper products segment reports sales of high precision copper plates and strips products.

2) Trading of raw materials segment reports trading of raw materials.

3) Processing services segment reports provision of processing services to customers who provide raw materials to the Group for processing.

4) Investment segment reports listed and unlisted investments made by the Group.

Segment turnover and results

Segment turnover represents revenue derived from the sales of copper products, trading of raw materials and the provision of processing services to external customers and gross proceeds from disposal of investments.

The measure used for reporting segment profit for sales of copper products, trading of raw materials and the provision of processing services is gross profit. The measure used for reporting segment profit for investment segment is the net income and losses from investments.

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

For the year ended 31 December 2013

	Sales of copper products *RMB'000*	**Trading of raw materials** *RMB'000*	**Processing services** *RMB'000*	**Investments** *RMB'000*	**Elimination** *RMB'000*	**Total** *RMB'000*
SEGMENT TURNOVER	**4,296,969**	**1,253,595**	**139,383**	**28,949**	**(2,086,347)**	**3,632,549**
SEGMENT REVENUE						
External sales	**2,511,038**	**956,448**	**136,114**	**–**	**–**	**3,603,600**
Inter-segment sales	**1,785,931**	**297,147**	**3,269**	**–**	**(2,086,347)**	**–**
Other income and gains	**–**	**–**	**–**	**10,259**	**–**	**10,259**
	4,296,969	**1,253,595**	**139,383**	**10,259**	**(2,086,347)**	**3,613,859**
Segment profit	**83,383**	**4,589**	**34,455**	**10,580**		**132,962**
Unallocated income and gains						**56,669**
Unallocated expenses and losses						**(113,781)**
Finance costs						**(42,345)**
Share of profit of an associate						**13**
Share of loss of a joint venture						**(12,032)**
Consolidated profit before tax						**21,486**

For the year ended 31 December 2012

	Sales of copper products *RMB'000*	Trading of raw materials *RMB'000*	Processing services *RMB'000*	Investments *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
SEGMENT TURNOVER	3,995,254	2,871,359	119,443	14,571	(3,756,930)	3,243,697
SEGMENT REVENUE						
External sales	2,248,219	862,398	118,509	–	–	3,229,126
Inter-segment sales	1,747,035	2,008,961	934	–	(3,756,930)	–
Other income and gains	–	–	–	4,214	–	4,214
	3,995,254	2,871,359	119,443	4,214	(3,756,930)	3,233,340
Segment profit	112,714	4,072	30,885	8,010		155,681
Unallocated income and gains						53,166
Unallocated expenses and losses						(101,323)
Finance costs						(49,603)
Share of loss of a joint venture						(470)
Consolidated profit before tax						57,451

Segment profit represents the profit earned by each segment without allocation of distribution expenses, administrative expenses, other income, other gains and losses, net, share of profit of certain associates, share of loss of a joint venture and finance costs. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

Segment assets and liabilities

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

	2013	2012
	RMB'000	*RMB'000*
SEGMENT ASSETS		
Investments	**95,396**	87,227
Jointly-shared by sales of copper products, trading of raw materials and provision of processing services	**1,707,743**	1,604,736
Unallocated	**166,637**	209,191
Consolidated assets	**1,969,776**	1,901,154
SEGMENT LIABILITIES		
Jointly-shared by sales of copper products, trading of raw materials and provision of processing services	**449,060**	390,497
Unallocated	**837,802**	812,212
Consolidated liabilities	**1,286,862**	1,202,709

The Group's CODM is of the view that except for available-for-sale investments, and loans receivables in aggregate of RMB95,396,000 (2012: available-for-sale investments, interest in an associate and loan receivables of RMB87,227,000) that are dedicated to investment segment and the interest in associate of RMB6,613,000 (2012: nil) that is engaged in property development, the Group's principal assets and liabilities are jointly used and shared by sales of copper products, trading of raw materials and provision of processing services.

Revenue from major product and services

The following is an analysis of the Group's revenue from its major products and services:

	2013	2012
	RMB'000	*RMB'000*
Sales of high precision copper plates and strips	**2,511,038**	2,248,219
Trading of raw materials	**956,448**	862,398
Provision of processing services	**136,114**	118,509
	3,603,600	3,229,126

Geographical information

The Group's operations are mainly located in the PRC – the country of domicile and all of its non-current assets, excluding financial instruments, are located in the PRC.

Information about the Group's revenue from external customers is presented based on the location of the customers.

	2013	2012
	RMB'000	*RMB'000*
PRC	**3,354,311**	2,998,515
Others	**249,289**	230,611
	3,603,600	3,229,126

Information about major customers

No customer has contributed over 10% of the total revenue of the Group for both years.

Other segment information

	Jointly shared by sales of copper products, trading of raw materials and provision of processing services	**Investments**	**Unallocated**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
For the year ended 31 December 2013				
Amounts included in the measure of segment results or assets:				
Depreciation of property, plant and equipment	**52,597**	**–**	**–**	**52,597**
Additions to property, plant and equipment	**184,306**	**–**	**–**	**184,306**
Amortisation of lease prepayments	**744**	**–**	**–**	**744**
Write-down of inventories	**998**	**–**	**–**	**998**
Interest income on loan receivables	**–**	**(5,584)**	**–**	**(5,584)**
Share of profits of associates	**–**	**(321)**	**–**	**(321)**
Gain on disposal of interest in an associate	**–**	**(4,395)**	**–**	**(4,395)**
Gain on disposal of an available-for-sale investment	**–**	**(280)**	**–**	**(280)**
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment results or segment assets:				
Government grants	**(22,858)**	**–**	**–**	**(22,858)**
Impairment loss of trade receivable from a joint venture	**4,782**	**–**	**–**	**4,782**
Impairment loss on lease prepayments	**5,414**	**–**	**–**	**5,414**
Loss on written-off/disposals of property, plant and equipment	**1,391**	**–**	**–**	**1,391**
Interest income on bank deposits	**–**	**–**	**(6,622)**	**(6,622)**
Interest income from non-controlling interests	**–**	**(201)**	**–**	**(201)**
Gains from derivative financial instruments	**–**	**–**	**(21,257)**	**(21,257)**
Finance costs	**–**	**–**	**42,345**	**42,345**

	Jointly shared by sales of copper products, trading of raw materials and provision of processing services *RMB'000*	Investments *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
For the year ended 31 December 2012				
Amounts included in the measure of segment results or assets:				
Depreciation of property, plant and equipment	45,392	–	–	45,392
Additions to property, plant and equipment	108,694	–	–	108,694
Additions to lease prepayments	20,572	–	–	20,572
Amortisation of lease prepayments	710	–	–	710
Reversal of write-down of inventories	(5,548)	–	–	(5,548)
Interest income on trading securities	–	(317)	–	(317)
Interest income on loan receivables	–	(2,050)	–	(2,050)
Interests in associates	–	21,083	–	21,083
Share of profits of associates	–	(3,796)	–	(3,796)
Gain on disposal of trading securities	–	(1,847)	–	(1,847)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment results or segment assets:				
Government grants	(33,883)	–	–	(33,883)
Gain on disposal of lease prepayments	(2,870)	–	–	(2,870)
Gain on disposal of property, plant and equipment	(216)	–	–	(216)
Impairment losses on property, plant and equipment	2,700	–	–	2,700
Interest income on bank deposits	–	–	(3,258)	(3,258)
Interest income from non-controlling interests	–	(377)	–	(377)
Gains from derivative financial instruments	–	–	(10,777)	(10,777)
Finance costs	–	–	49,603	49,603

5. OTHER INCOME

	2013 *RMB'000*	2012 *RMB'000*
Government grants		
– amortisation of deferred income	**573**	617
– grants related to operating costs*	**17,284**	20,037
– grants related to technical development	**5,001**	13,229
Interest income on bank deposits	**6,622**	3,258
Interest income on trading securities	**–**	317
Interest income from non-controlling interests**	**201**	377
Interest income on loan receivables	**5,584**	2,050
Others	**663**	550
	35,928	40,435

* Government grants mainly represent subsidies provided by local government authorities and there are no conditions attached to the subsidies.

** Interest income from non-controlling interests was derived from their outstanding capital contribution.

6. OTHER GAINS AND LOSSES, NET

	2013 RMB'000	2012 RMB'000
Other (gains) losses:		
Losses (gains) on written-off/disposal of property, plant and equipment	**1,391**	(216)
Gain on disposal of lease prepayments	**–**	(2,870)
Gain arising on disposal of interest in an associate	**(4,395)**	–
Gain on disposal of trading securities	**–**	(1,847)
Gain on disposal of an available-for-sale investment	**(280)**	–
Gains from derivative financial instruments		
– unrealised loss (gain) on fair value changes	**2,872**	(3,734)
– realised	**(24,129)**	(7,043)
Net foreign exchange gain	**(4,196)**	(1,235)
Impairment loss recognised in respect of property, plant and equipment	**–**	2,700
Impairment loss recognised in respect of lease prepayments	**5,414**	–
Impairment loss recognised in respect of trade receivable from a joint venture	**4,782**	–
Sub-total	**(18,541)**	(14,245)

7. FINANCE COSTS

	2013 RMB'000	2012 RMB'000
Interest on bank borrowings wholly repayable within five years	**48,011**	52,578
Less: amounts capitalised	**(5,666)**	(2,975)
	42,345	49,603

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 5.38% (2012: 5.87%) per annum to expenditure on qualifying assets.

8. INCOME TAX EXPENSES

	2013 RMB'000	2012 RMB'000
Current tax		
Provision for PRC Enterprise Income Tax		
– Current year	**15,743**	22,645
– Overprovision in respect of prior year	**(2,927)**	–
Deferred tax	**(950)**	1,712
	11,866	24,357

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

(c) Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries and the associate registered in PRC is 25% from 1 January 2008 onwards. 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 PRC ("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.

(e) One of the Group's subsidiaries registered in the PRC is recognised as a High and New-technology Enterprise which have been granted tax concessions by the local tax bureau and are entitled to PRC Enterprise Income Tax at concessionary rate of 15% for both years.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2013	2012
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share, being profit for the year attributable to the owners of the Company	**8,998**	32,411

	2013	2012
	'000	*'000*
Number of shares		
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 year ended 31 December 2013 does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price for shares for both 2013 and 2012.

10. DIVIDENDS

	2013	2012
	RMB'000	*RMB'000*
Dividends recognised as distribution during the year:		
2012 final dividend of HK5 cents (2012: 2011 final dividend of HK6 cents) per share	**27,840**	34,154

No dividend has been proposed since the end of the reporting period (2012: final dividend of HK5 cents).

11. PROPERTY, PLANT AND EQUIPMENT

	Plant and buildings *RMB'000*	Machinery *RMB'000*	Electronic and other equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
COST						
At 1 January 2012	122,376	613,525	6,676	7,826	92,269	842,672
Additions	968	1,369	1,029	1,560	103,768	108,694
Transfer from construction in progress	15,907	52,892	971	–	(69,770)	–
Disposals	(2,059)	–	–	(1,197)	–	(3,256)
At 31 December 2012 and 1 January 2013	137,192	667,786	8,676	8,189	126,267	948,110
Additions	1,453	1,605	3,917	248	166,720	173,943
Transfer from construction in progress	24,866	56,205	–	–	(81,071)	–
Written-off/disposals	(1,830)	–	–	(372)	–	(2,202)
At 31 December 2013	161,681	725,596	12,593	8,065	211,916	1,119,851
DEPRECIATION AND IMPAIRMENT						
At 1 January 2012	31,535	252,580	2,663	2,168	4,042	292,988
Charge for the year	6,737	36,311	1,130	1,214	–	45,392
Eliminated on disposals	(298)	–	–	(1,086)	–	(1,384)
Impairment loss recognised in profit or loss	–	2,700	–	–	–	2,700
At 31 December 2012 and 1 January 2013	37,974	291,591	3,793	2,296	4,042	339,696
Charge for the year	7,631	42,134	1,535	1,297	–	52,597
Eliminated on written-off/disposals	(499)	–	–	(98)	–	(597)
At 31 December 2013	45,106	333,725	5,328	3,495	4,042	391,696
CARRYING VALUES						
At 31 December 2013	116,575	391,871	7,265	4,570	207,874	728,155
At 31 December 2012	99,218	376,195	4,883	5,893	122,225	608,414

The above items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis at the following rates per annum:

Plant and buildings	10-35 years
Machinery	5-20 years
Electronic and other equipment	3-10 years
Motor vehicles	10 years

The buildings are located in the PRC and held under medium term lease.

During the year ended 31 December 2012, the directors conducted a review of the Group's plant and machinery and determined that certain assets were impaired, due to physical damage and being left idle. Accordingly, impairment losses of RMB2,700,000 has been recognised in respect of machinery for the year ended 31 December 2012.

As at 31 December 2013, the Group's property, plant and equipment with a carrying value of approximately RMB249,723,000 (2012: RMB248,336,000) has been pledged to secure general banking facilities granted to the Group.

As at 31 December 2013, the Group has not yet obtained the certificates for certain properties with an aggregate carrying value of RMB1,566,000 (2012: RMB3,782,000) located in the PRC. The directors of the Company are of the opinion that the Group is lawfully entitled to occupy and use the above mentioned properties.

12. INVENTORIES

	2013	2012
	RMB'000	*RMB'000*
Raw materials	**55,605**	39,990
Work-in-progress	**289,438**	296,670
Finished goods	**82,375**	130,083
Others	**491**	501
	427,909	467,244

During the year ended 31 December 2012, there was a significant increase in the net realisable value of inventories as the Group sold inventory which had been written down in prior years at price higher than the carrying amount. As a result, a reversal of write-down of inventories of 2012: RMB5,548,000 (2013: nil) had been recognised and included in cost of sales.

As at 31 December 2013, inventories of the Group of approximately RMB355,089,000 (2012: RMB303,432,000) have been pledged as security for banking facilities granted to the Group.

13. TRADE AND OTHER RECEIVABLES

	2013	2012
	RMB'000	*RMB'000*
Trade and bills receivables	**306,098**	300,283
Trade receivable due from a jointly-controlled entity	**14,562**	7,966
Sub-total	**320,660**	308,249
Less: accumulated impairment	**(4,782)**	–
	315,878	308,249
Other receivables	**41,003**	68,591
Prepayments	**86,551**	68,586
Current portion of lease prepayments	**750**	770
Trade and other receivables	**444,182**	446,196

The Group does not hold any collateral over its trade and other receivables.

The Group allows a credit period of 0 to 90 days to its trade customers.

The following is an aged analysis of trade and bills receivables presented based on the invoice date, which approximated the respective revenue recognition dates, at the end of the reporting period.

	2013	2012
	RMB'000	*RMB'000*
Within 3 months	**260,596**	281,163
Over 3 months but less than 6 months	**47,621**	16,652
Over 6 months but less than 1 year	**4,508**	3,711
Over 1 year	**3,153**	6,723
	315,878	308,249

Before accepting any new customer, the Group carries out research on the creditability of the new customer and assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed once a year.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of RMB55,282,000 (2012: RMB27,068,000) which are past due as at the reporting date for which the Group has not provided for impairment loss.

Ageing of trade receivables which are past due but not impaired:

	2013	2012
	RMB'000	*RMB'000*
Over 3 months but less than 6 months	**47,621**	16,652
Over 6 months but less than 1 year	**4,508**	3,711
Over 1 year	**3,153**	6,723
	55,282	27,068

Movement in the impairment on trade receivable from a joint venture

	2013	2012
	RMB'000	*RMB'000*
At 1 January	**–**	–
Impairment losses recognised	**4,782**	–
At 31 December	**4,782**	–

Included in the impairment on trade receivables are individually impaired trade receivables with an aggregate balance of RMB4,782,000 (2012: nil) since the directors of the Company considered the prolonged outstanding balance was uncollectible.

As at 31 December 2013, the Group's trade and other receivables with a carrying value of approximately RMB80,800,000 (2012: RMB184,864,000) has been pledged to secure general banking facilities granted to the Group.

The Group's trade and other receivables as at 31 December 2013 that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2013	2012
	RMB'000	*RMB'000*
USD	**120,663**	99,616

Included in the Group's other receivables as at 31 December 2013 were deposits of RMB12,182,000 (2012: RMB9,562,000) kept at certain financial institutions as margin deposits for the Group's outstanding copper future contracts.

Included in the Group's other receivables as at 31 December 2013 were interest receivables of RMB578,000 (2012: RMB377,000) from non-controlling interests which are unsecured and repayable on demand.

14. TRADE AND OTHER PAYABLES

	2013	2012
	RMB'000	*RMB'000*
Trade and bills payables	**364,643**	315,736
Trade payable due to a joint venture	**219**	438
Sub-total	**364,862**	316,174
Other payables*	**6,731**	21,979
Consideration payable for acquisition of property, plant and equipment	**12,334**	706
Accruals	**19,318**	15,392
Receipts in advance	**45,815**	36,246
Trade and other payables	**449,060**	390,497

The following is an aged analysis of trade and bills payable presented based on the invoice date at the end of the reporting period.

	2013	2012
	RMB'000	*RMB'000*
Within 3 months	**257,037**	255,465
Over 3 months but less than 6 months	**57,533**	55,463
Over 6 months but less than 1 year	**47,713**	3,392
Over 1 year	**2,579**	1,854
	364,862	316,174

The average credit period on purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

* Included in other payables are interest-free advances of RMB2,450,000 (2012: RMB8,643,000) received from a non-controlling interest (2012: independent third parties, Yingtan local government authorities and a non-controlling interest). These interest-free advances are unsecured, interest-free and repayable on demand.

The Group's trade and other payables as at 31 December 2013 that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2013	2012
	RMB'000	*RMB'000*
USD	**189,234**	105,622
HKD	**1,143**	826
JPY	**4,813**	833
EUR	**2,094**	–

15. INTEREST-BEARING BORROWINGS

	2013 *RMB'000*	2012 *RMB'000*
Secured bank loans	**558,765**	503,778
Discounted bills	**65,145**	177,996
Unsecured bank loans	**170,799**	85,301
	794,709	767,075
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):		
Within one year	**775,769**	765,655
More than one year, but not exceeding two years	**18,940**	1,420
	794,709	767,075
Less: Amounts due within one year shown under current liabilities	**(775,769)**	(765,655)
Amounts shown under non-current liabilities	**18,940**	1,420

The secured bank loans as at 31 December 2013 bore interest at rates ranging from 1.13% to 9.6% (2012: 4.08% to 7.89%) per annum. The bank loans and certain banking facilities were secured by the following assets:

	2013 *RMB'000*	2012 *RMB'000*
Carrying amount of assets pledged:		
Inventories	**355,089**	303,432
Trade and other receivables	**80,800**	184,864
Property, plant and equipment	**249,723**	248,336
Lease prepayments	**28,465**	14,474
Pledged deposits	**103,294**	117,854
	817,371	868,960

Unsecured bank loans as at 31 December 2013 bore interest at rates ranging from 2.19% to 6.72% (2012: 2.31% to 4.76%) per annum.

Included in the balance as at 31 December 2013 are fixed-rate borrowings of RMB770,453,000 (2012: RMB618,354,000) and carry interest rates ranging from 1.13% to 9.6% (2012: from 4.08% to 7.89%).

The remaining borrowings are carried interest at variable market interest rates, which are based on the PBOC lending rate plus a specific margin, ranging from 2.16% to 6.72% (2012: 2.31% to 6.72%) per annum.

Included in the Group's interest-bearing borrowings as at 31 December 2013 are borrowings denominated in USD of RMB107,824,000 (2012: RMB76,899,000) and the remaining balances are denominated in RMB.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

Basis for qualified opinion

Limitation of scope on the impairment assessment of available-for-sale investment

As at 31 December 2012, the Group had available-for-sale investments of approximately RMB37,870,000 of which RMB35,000,000 was held by a 60% owned subsidiary of the Group. As set out in our report dated 26 March 2013 on the Group's consolidated financial statements for the year ended 31 December 2012, we were not provided with sufficient appropriate audit evidence we considered necessary to assess whether the carrying amount of the available-for-sale investments of approximately RMB37,870,000 could be recovered in full and our opinion on the Group's consolidated financial statements for the year ended 31 December 2012 was qualified in such respect. During the year ended 31 December 2013, available-for-sale investments with a carrying amount of approximately RMB2,870,000 as at 31 December 2012 had been disposed of with a gain on disposal of approximately RMB280,000. Any adjustment in connection with such available-for-sale investment found to be necessary as at 31 December 2012 will have a consequential impact on the gain on disposal of RMB280,000 recorded during the year ended 31 December 2013 and the related note disclosures to the consolidated financial statements.

In relation to the remaining available-for-sale investment as at 31 December 2013 amounted to approximately RMB35,000,000, the directors of the Company had performed impairment assessment on the available-for-sale investments with reference to the latest financial information available and considered that the Group is able to recover the carrying amount of such investments in full, and therefore no provision for impairment loss were considered necessary by the directors on such balances. However, we were unable to obtain sufficient appropriate audit evidence we consider necessary in order to ascertain as to whether (i) the carrying amount of the available-for-sale investment could be recovered in full and (ii) sufficient provision for impairment loss has been made against such investment. There were no practical alternative audit procedures that we could perform to satisfy ourselves that the carrying amount of the Group's available-for-sale investment and the relevant provision for impairment loss were fairly stated as at 31 December 2013. Any adjustment found to be necessary to the carrying amount of the available-for-sale investment as at 31 December 2013 would affect the Group's net assets as at 31 December 2013 and the Group's profit for the year then ended and the related note disclosures to the consolidated financial statements.

Limitation of scope on interest in associate

As at 31 December 2012, the Group had interest in an associate with a carrying amount of approximately RMB21,083,000. As set out in our report dated 26 March 2013 on the Group's consolidated financial statements for the year ended 31 December 2012, we were not provided with sufficient appropriate audit evidence to satisfy ourselves as to whether the carrying amount of the Group's interest in an associate as at 31 December 2012 were fairly stated and our opinion on the Group's consolidated financial statements for the year ended 31 December 2012 was qualified in such respect.

As further detailed in note 19 to the consolidated financial statements, the Group has disposed of its entire equity interest in that associate during the year ended 31 December 2013. However, we were unable to obtain sufficient audit evidence to ascertain the financial position of the associate as at the date of disposal and its result of operations for the period then ended.

Any adjustment found to be necessary to the carrying amount of the Group's interest in that associate of approximately RMB21,083,000 as at 31 December 2012 or at the date of disposal will have a consequential impact on the Group's gain arising on disposal of that associate of approximately RMB4,395,000 (including loss on disposal of RMB804,000 and an investment return of approximately RMB5,199,000 respectively) and share of result of that associate of approximately RMB321,000 for the year ended 31 December 2013 and the related note disclosures to the consolidated financial statements.

Qualified opinion arising from limitation of audit scope

In our opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraph above, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2013 and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter

Without further qualifying our opinion, we draw attention to note 2 to the consolidated financial statements, which indicates that the Group has net current liabilities of approximately RMB144,959,000 as at 31 December 2013. Such condition indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

The price fluctuation range of international copper reduced diminished moderately and displayed stepped drop throughout 2013. As the market is prudent towards Chinese demands, the pressure of rising copper prices still exist.

Industry Review

In the prior year, the demand in copper remained stagnant and the supply of precision copper trended to over-supplies in spite of the slight recovery of global economy. With the effect of national policies, the demand on copper plate by real estate industry has been reduced. The low copper price compelled a significant restructuring in copper plate and strip processing industry, and some of the medium and small-sized enterprises failed to survive and ceased their production. Large-sized enterprises invested heavily in purchasing high-end equipment in order to accelerate the development pace towards high precision copper plates and strips industries. The Company also decisively adjusted our operating strategies to develop the Group towards a more comprehensive and competitive organization, based on our current market position and foundation.

DEVELOPMENT PLAN

Culture development

The Group focused on the development of corporate culture to build up a eudemonic family as our guideline and established a corporate philosophy which emphasizes the employees' well-being, customers' appreciation, shareholders' satisfaction and social recognition. Through six key working models including family care, family growth, green family, health and virtue, business prosperity culture and family accomplishment, we strived to remold employees' loyalty, dedication spirit, responsibility and togetherness so as to enjoy a blissful life and working condition. Meanwhile, through actively participating in various social charitable activities, we could enhance our social influence of the Group to build up the sense of belonging commitment and pride of the employees.

Hardware upgrade

2013 was a critical year for restructuring of existing production lines and installation of new production lines with more than ten projects already completed successfully. By the end of 2014, the new projects will be fully implemented and the production capacity will be significantly upgraded by then.

R&D and innovation

Since 2012, the Company has been increasing the effort on research and development and new products are released every year. In 2013 alone, there were two new products (namely C7025 (Cu–Ni–Si) high strength copper alloy strips(C7025 (Cu–Ni–Si)高強度銅合金帶材) and low tin phosphor bronze alloy strips (低錫強化磷青銅合金帶材)) passed the government examination and were awarded with first class prize and second class prize of China Nonferrous Metals Industry Science and Technology Award (中國有色金屬工業科學技術一、二等獎) respectively, two products passed the appraisals of Ningbo Economic and Information Commission (寧波市經信委), of which K–5 super large integrated circuit copper nickel silicon lead material products (K–5超大型積體電路銅鎳矽引線材料產品) won the first class prize and six patents for utility model already accessed and approved namely metal belt spray cooling device (金屬帶噴淋冷卻裝置), small tripper with protection device (帶保護裝置的卸料小車), high performance bright copper strip surface polishing roller (光潔高性能銅帶表層拋光輥), convection board device in hanging bracket for placing of copper strips (吊架式對流板銅帶放置裝置), annealing furnace heating body for copper strip annealing process (銅帶退火加工用退火爐加熱機構) and automatically adjustable trimming machine for copper strip production (用於銅帶生產的自動調節式切邊機). In future, we aim to launch at least two new products every year and focus on the developments of high-strength, high-conductivity and high-elasticity materials and materials for applied electronics.

FINANCIAL REVIEW

Revenue and gross profit

For the year ended 31 December 2013, the Group recorded a total sales revenue of RMB3,603.6 million, of which revenue from sales of precision copper plates and strips, processing services and sales of raw materials amounted to RMB2,511.0 million, RMB136.1 million and RMB956.5 million respectively, increased by 11.6% from RMB3,229.1 million of the corresponding period last year. The increase in sales revenue was mainly due to the increase in the sales volume, of which sales volumes of precision copper plates and strips, processing services and sales of raw materials were 51,930 tons, 27,020 tons and 21,780 tons respectively, the total volume increased by 17.9% as compared to the corresponding period last year. In 2013, sales revenue and sales volume recorded double-digit growths than that of 2012, mainly due to the success achieved in the prompt adjustment of pricing strategy of the Group under the stagnation of the overall economic environment and fierce competition.

During the period under review, the gross profit of sales of precision copper plates and strips, processing services was RMB117.8 million, decreased by 18.0% from RMB143.6 million of the corresponding period last year, mainly due to the reduction of the processing fees of several products which contributed a reduction of gross profit of RMB23.1 million and a provision of the inventory impairment of RMB1.0 million.

During the period under review, the gross profit from trading of raw materials was RMB4.6 million, which approximated RMB4.1 million of the corresponding period last year.

Other income

For the year ended 31 December 2013, the Group recorded other income of RMB35.9 million, which decreased by RMB4.5 million as compared to the corresponding period of 2012, which was mainly attributable to the decrease of government grants.

Other gains and losses, net

For the year ended 31 December 2013, the net other gains of the Group was RMB18.5 million, rose by 30.3% from RMB14.2 million of the same period in 2012, which was mainly attributable to the gains recorded in hedging raw materials with futures increased by RMB14.2 million and the gains from investment in associates amounted to RMB4.4 million and was partly offset by the impairment provision. In 2013, the Company made impairment provision of RMB5.4 million and RMB4.8 million for a land located in Yingtan City of Jiangxi Province and trade receivable from a joint venture respectively.

Distribution expenses

For the year ended 31 December 2013, the distribution expenses of the Group increased by RMB2.7 million from RMB21.3 million of the corresponding period of 2012 to RMB24.0 million, which was mainly attributable to the increase of freight expenses due to the increase of sales.

Administrative expenses

For the year ended 31 December 2013, the administrative expenses of the Group amounted to RMB77.3 million, which was comparable to RMB77.3 million of the corresponding period of 2012.

Share of profit of an associate

For the year ended 31 December 2013, the Group recorded share of profit before disposal of its associate Ningbo Kairui Investment Partnership of RMB0.3 million.

Share of loss of a jointly venture

For the year ended 31 December 2013, the Group's share of loss of Yingtan Ulba Shine Metal Group Ltd.（鷹潭烏爾巴興業集團有限公司）("Ulba") increased significantly to RMB12.0 million from RMB0.5 million of the corresponding period last year. Due to the continuous poor results, the Group decided to dissolve Ulba, thus Ulba made large impairment provision for its assets based on the estimated realisable value.

Finance costs

For the year ended 31 December 2013, the Group's finance costs decreased to RMB42.3 million from RMB49.6 million of 2012, which was mainly due to the decrease of interest expense of RMB4.6 million and the increase of interest capitalisation for construction in progress of RMB2.7 million through the adjustment of loan portfolio of financial products with different interest rates like increasing the loans secured by letter of credit and US dollar loans.

Income tax

For the year ended 31 December 2013, the Group's income tax expenses decreased by RMB12.5 million to RMB11.9 million from RMB24.4 million of the corresponding period of 2012, while the effective tax rate increased to 55.2% from 42.4% of the corresponding period of last year. Such increase was mainly due to the impairment provisions made during the year.

Profit attributable to the shareholders of the Company

As a result of the aforementioned factors, during the review period, the profit attributable to the shareholders of the Company decreased by RMB23.4 million or 72.2% to RMB9.0 million as compared to that of the same period last year. While the return on equity attributable to the shareholders of the Company decreased to 1.4% from 4.8% of the last year.

Liquidity and Financial Resources

As at 31 December 2013, the Group recorded net current liabilities of RMB147.0 million, which was primarily due to capital expenditure of RMB212.8 million made during the year 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 97.6% as of 31 December 2013. 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 of 31 December 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 RMB1,005.5 million (including 5 years long term loan facilities amounted to RMB199 million effective until 6 April 2017) and RMB160.0 million (comprised pledged deposits of RMB103.3 million and cash and cash equivalents of RMB56.7 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. In 2014, the Group will gradually utilise the long-term loans facilities in order to optimize the financial structure.

As at 31 December 2013, the Group had outstanding bank loans and other borrowings of approximately RMB775.8 million which shall be repaid within 1 year. As at 31 December 2013, 78.5% of the Group's debts were on secured basis.

The gearing ratio as at 31 December 2013 was 40.3% (31 December 2012: 40.3%), which is calculated by dividing the total borrowings by the total assets.

Charge on assets

As at 31 December 2013, the Group pledged assets with an aggregate carrying value of RMB817.4 million (31 December 2012: RMB869.0 million) to secure bank loan facilities.

Capital expenditure

For the year ended 31 December 2013, the Group had invested RMB211.1 million for the purchase of property, plant and equipment. These capital expenditures were largely financed by internal resources and bank loans.

Capital commitments

As at 31 December 2013, the future capital expenditures, for which the Group had authorised but not contracted for and contracted but not provided for, amounted to approximately RMB30.3 million and RMB230.7 million, respectively.

Contingent liabilities

As at 31 December 2013, the Group did not have any significant contingent liabilities.

MARKET RISK

The Group was exposed to various types of market risks, including fluctuation in copper prices and other commodities' prices and changes in interest rates and foreign exchange rates, please refer to note 7(b) to the financial statements of the Company's 2013 Annual Report for details.

EMPLOYEES

As at 31 December 2013, the Group had 1,255 employees. Remuneration policies are reviewed regularly to ensure that the Group is offering competitive employment packages to our employees. Benefits of the employees include salaries, pension, medical insurance scheme and other applicable social insurance. Promotion and salary increments are assessed based on performance related basis. The Group's growth is dependent upon the skills and dedication of the employees. The Group recognizes the importance of human resources in a competitive industry and has devoted resources to train employees. The Group has established an annual training program for our employees so that the new employees can master the basic skills required to perform their functions and the existing employees can upgrade or improve their production skills.

PROSPECTS

2014 will continue to be a relatively complicated year. Chinese economy will still be in the throes of transformation. The slogan of simplifying policies and decentralizing power by the new government will boost the capital market operation and circulation which bring more investment opportunities. Redevelopment of urban infrastructures, construction of indemnificatory apartments and rebuilding of shanty areas resulted from urbanization will significantly drive the development of industries involving copper material utilization, such as road transportation and electricity. We hope and believe that the Company can firmly seize those opportunities by leveraging on the leading position accumulated after years in the industry, to accelerate exploring domestic and overseas copper plates and strips markets and to expand our current market share. Meanwhile, the Company will strive to focus on a series of complementary initiatives including technological transformation, new product development, team building, policy reformation, hardware advancement and software upgrade. This will be the vital step to transform the Company into a leader domestically, and first in class manufacturer internationally in the industry.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the year ended 31 December 2013.

PRE-EMPTIVE RIGHTS

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules during the year. Having made specific enquiries with all Directors, all Directors confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2013.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Corporate Governance Code during the year ended 31 December 2013.

SUFFICIENCY OF PUBLIC FLOAT

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

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company comprises four independent non-executive Directors, namely, Mr. Cui Ming, Mr. Xie Shuisheng, Mr. Chai Chaoming and Ms. Li Li. The audit committee has reviewed the audited financial statements for the year ended 31 December 2013 and has also discussed auditing, internal control and financial reporting matters including accounting practices and principles adopted by the Group.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2013.

CLOSURE OF REGISTER OF MEMBERS

For determining the identity of the shareholders of the Company who are entitled to attend and vote at forthcoming annual general meeting, the register of members of the Company will be closed from 20 May 2014 to 23 May 2014, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the forthcoming annual general meeting, all Share transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 19 May 2014.

PUBLICATION OF 2013 ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Company's website (www.xingyecopper.com) and the Stock Exchange's website (www.hkexnews.com.hk). The Company's 2013 Annual Report and Notice of annual general meeting will be made available on the websites of the Company and Stock Exchange and will be despatched to the Company's shareholders in due course.

By order of the Board
Hu Changyuan
Chairman

Hong Kong, 28 March 2014

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.