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 : 00505

2013 ANNUAL REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. HU Changyuan *(Chairman)*
Mr. CHEN Jianhua
(Deputy Chairman and Chief Executive Officer)
Mr. WANG Jianli
Mr. MA Wanjun

Independent Non-Executive Directors

Mr. CUI Ming
Mr. XIE Shuisheng
Mr. CHAI Chaoming
Ms. LI Li

Audit Committee

Ms. LI Li *(Chairman)*
Mr. CUI Ming
Mr. XIE Shuisheng
Mr. CHAI Chaoming

Remuneration Committee

Mr. CUI Ming *(Chairman)*
Ms. LI Li
Mr. WANG Jianli

Nomination Committee

Mr. XIE Shuisheng *(Chairman)*
Mr. CUI Ming
Mr. CHAI Chaoming
Mr. MA Wanjun

COMPANY SECRETARY

Mr. CHAN Chung Kik, Lewis

AUTHORISED REPRESENTATIVES

Mr. WANG Jianli
Mr. CHAN Chung Kik, Lewis

PRINCIPAL LEGAL ADVISORS

Hong Kong

Woo Kwan Lee & Lo

Cayman Islands

Conyers Dill & Pearman, Cayman

AUDITOR

SHINEWING (HK) CPA Limited

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS

Hong Kong

Flat 11, 11/F., Hung Tai Industrial Building
37-39 Hung To Road, Kwun Tong
Kowloon, Hong Kong

PRC

No. 68, Jin Xi Road,
Hangzhou Bay New Zone,
Ningbo,
Zhejiang Province,
315336, PRC

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
P.O. Box 705
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

Agricultural Bank of China
China Construction Bank
Bank of China

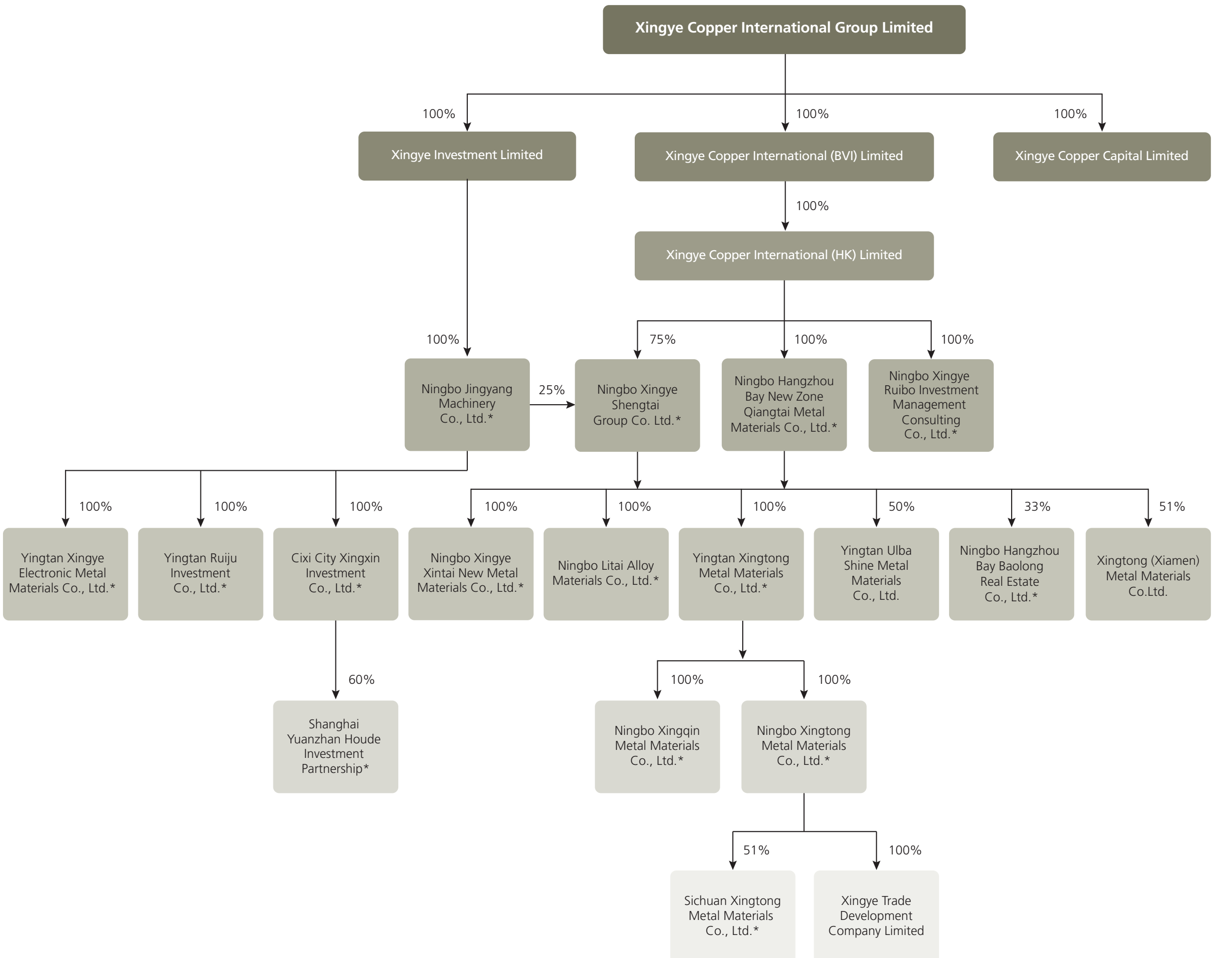
COMPANY WEBSITE

www.xingyecopper.com

STOCK CODE

505

Corporate Structure



* For Identification purpose only

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the annual report of Xingye Copper International Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2013.

2013 was a year full of global political turbulence. The world economic downturn continued along with the regularization of the "weak growth" in major economies and overall slowdown of the growth pace in emerging economies. On the other hand, the Chinese economy stepped into the phase of moderate growth as there was still a lack of autonomous economic growth momentum and intensifying of internal shrinkage. The unstable foundation of the economic recovery, outstanding constraints with structural contradiction, along with serious excessive productivity resulted in various levels of impacts suffered by the major industries. In 2013, although the Company also faced countless difficulties and challenges, with the tremendous efforts and contributions by the management team and employees, the Company achieved a historic breakthrough in production volume and sales volume which represented double-digit growths than that of 2012. The Group became the largest manufacturer of precision copper plates and strips and supplier of processing services in the People's Republic of China in terms of production and sales volume in 2013. Various projects have been completed as planned with hardware and software facilities enhanced. Under a generally sluggish industrial environment, we recorded a turnover of RMB3,603.6 million and the profit attributable to shareholders of the Group has also reached RMB9.0 million.

PROSPECT

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.

APPRECIATION

On behalf of the Board of Directors, I would like to express my sincere gratitude and blessing to our staff working hardly in all positions, and to the shareholders and all sectors of the community for their care about the operation status of the Company.

Hu Changyuan
Chairman

28 March 2014

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 based on our current market position and foundation, so as to develop the Group into a more comprehensive and competitive organization.

DEVELOPMENT PLAN

Culture development

The Group focused on the development of corporate culture to build up an 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.

Management Discussion and Analysis

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 assessed 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 revenue 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 30.2% 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 RMB10.5 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 RMB199.4 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 report, the Group had not experienced any difficulty in raising funds by securing and rolling over the short-term loans borrowed from various banks in the PRC, which were renewed on an annual basis in accordance with local market practice.

Despite the net current liability as of 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 RMB1039.0 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 RMB199.4 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 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.

Corporate Governance Report

The Board is committed to promote good corporate governance to safeguard the interests of the shareholders of the Company (the "Shareholders") and believes that maintaining a high standard of corporate governance is essential to the success of the Company and would provide a practice enhancing greater accountability and transparency and meeting the expectations of all of the Group's various stakeholders.

CORPORATE GOVERNANCE PRACTICES

Throughout the year ended 31 December 2013, the Company has complied with the Corporate Governance Code and Corporate Governance Report (the "CG Code") as contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The current practices will be reviewed regularly to follow the latest practices of corporate governance.

COMPLIANCE WITH THE MODEL CODE AS SET OUT IN APPENDIX 10 TO THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiries with all directors of the Company (the "Directors"), all the Directors confirmed that they had complied with the required standards set out in the Model Code during the year ended 31 December 2013.

BOARD

Board composition

The Board has four executive Directors, namely, Mr. Hu Changyuan (Chairman), Mr. Chen Jianhua (Deputy Chairman and Chief Executive Officer), Mr. Wang Jianli and Mr. Ma Wanjun and four independent non-executive Directors, namely, Mr. Cui Ming, Mr. Xie Shuisheng, Mr. Chai Chaoming and Ms. Li Li. The size and composition of the board are reviewed regularly to ensure that the size and composition of the Board is well balanced with each Director having sound knowledge, experience and expertise relevant to the business and development of the Group. Biographical details of the Directors are set forth in the section headed "Biographical details of the Directors and Company Secretary" of this Annual Report.

An updated list of its Directors identifying their roles and functions and whether they are Independent Non-Executive Directors is published on the Company's website and the official website of Hong Kong Exchanges and Clearing Limited (the "Exchange's website").

More than one-third of the members of the Board are independent non-executive Directors, which exceeds the minimum requirement of the Listing Rules. Therefore, the number of the independent non-executive Directors appointed by the Company is in compliance with Rule 3.10 of the Listing Rules.

Pursuant to the requirement of Rule 3.13 of the Listing Rules, the Company has received annual confirmation of independence from the four independent non-executive Directors. The Board is of the view that all independent non-executive Directors are independent within the definition of the Listing Rules.

Responsibilities of the board

The principal duty of the Board is to ensure that the Company is properly managed in the interests of the Shareholders. The Board, led by the Chairman, is responsible for giving guidance to and exercising effective checks on the management. In general, the duties of the Board are: (i) formulating long-term strategies of the Group and supervising their implementation; (ii) reviewing and approving the business plans and financial budgets of the Group; (iii) approving the annual and interim results of the Group; (iv) reviewing and supervising risk management and internal control of the Group; (v) ensuring a high standard of corporate governance and compliance; and (vi) overseeing the performance of the management.

The Board delegates on specific terms to the management to carry out defined strategies and report to the Board in respect of day-to-day operations. For such purposes, the Board has laid down clear terms of reference which specify those circumstances under which the management shall report to the Board and those decisions and commitments for which prior approval of the Board is required.

The Company convenes at least four regular Board meetings a year and meets more frequently as and when required. During the year ended 31 December 2013, the Board convened a total of six Board meetings and the individual attendance record of the Directors is tabulated as follows:

Name of Director	Number of meetings held while being a Director	Number of meetings attended
Executive Directors		
Mr. Hu Changyuan *(Chairman)*	6	6
Mr. Chen Jianhua *(Deputy Chairman and Chief Executive Officer)*	6	6
Mr. Wang Jianli	6	6
Mr. Ma Wanjun	6	6
Independent Non-executive Directors		
Mr. Cui Ming	6	5
Mr. Xie Shuisheng	6	6
Mr. Chai Chaoming	6	6
Ms. Li Li	6	4

Notice of at least 14 days should be given to the Directors of a regular Board meeting to give all Directors an opportunity to attend the meeting. All Directors are supplied with comprehensive Board papers and relevant materials within a reasonable period of time before the intended meeting date (usually no less than one week before the Board meeting). In respect of regular Board meetings, and so far as practicable in all other cases, an agenda and accompanying Board papers should be sent in full to all Directors in a timely manner and at least 5 days before the intended date of Board meeting or Board committees meeting, which ensure that all Directors would have the opportunity to include matters in the agenda.

Directors are free to express their views at the meetings of the Board. Important decisions will only be made after detailed discussion at the Board meetings. Directors confirmed that they have responsibility to act in the interests of the public and the Company, particularly in the interests of minority Shareholders. In the event of a conflict of interests between Shareholders' interests and any other interests, Shareholders' interests shall prevail.

Directors have free access to the management for enquiries and to obtain further information so as to facilitate the decision-making process. The management would also be invited to attend Board meetings from time to time for detailed explanation of the issues under discussion and respond to enquiries from the Directors.

Detailed minutes of meetings are compiled for Board meetings or Board committee meetings. Minutes of the meetings must record issues in detail which are considered by the Directors during the meeting as well as the resolutions passed, including any worries or objections put forward by the Directors.

A week's time will be available to all the Directors and the Board committee members to provide comments on the draft minutes of the relevant meetings. The draft minutes will then be approved with confirmation given by the Chairman or the chairman of the special committee.

Minutes of Board meetings or Board committee meetings are kept by the secretary to the Board or the company secretary and are available for inspection by the Directors at all times.

All Directors are free to communicate with the secretary to the Board and the company secretary who are responsible for ensuring and advising on compliance of all procedures in connection with the Board and all applicable rules and regulations.

The Board and Board committees are provided with sufficient resources for performance of duties including but not limited to hiring consultants when necessary at the expenses of the Company. Individual Directors can also hire consultants for advice on any specific issues at the expenses of the Company.

All Directors can obtain from the secretary to the Board or the company secretary timely information and latest development about rules and regulations and other continual responsibilities which directors of listed companies must observe so as to ensure that each Director is informed of his own duties and that the Company implements Board procedures consistently and complies with the legislations properly.

Corporate Governance Functions

The Company is committed to achieving high standards of corporate governance to safeguard, uphold and maximize the interests of shareholders and to enhance corporate value and accountability. The Board is responsible for the following corporate governance duties:

- To develop, review and update the Company's policies and practices on corporate governance;
- To review and monitor the training and continuous professional development of directors and senior management;
- To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- To develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
- To review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Directors' and officers' liability

Appropriate directors' and officers' liability insurance has been arranged for the directors and officers of the Company.

Directors' training and continuing professional development

The Directors are committed to comply with Code Provision A.6.5 of the CG Code on Directors' training so as to ensure that their contribution to the Board will be informed and relevant.

The Directors keep abreast of responsibilities as a Director of the Company and of the conduct, business activities and development of the Company. The Company Secretary from time to time updates and provides written training materials to the Directors, and organizes seminars on the latest development regarding the Listing Rules and other applicable statutory requirements to ensure compliance and upkeep of good corporate governance practices.

All Directors have participated in appropriate continuous professional development programmes to develop and refresh their knowledge and skills and provided the Company their record of training they received for the year ended 31 December 2013.

DIRECTORS' APPOINTMENT, RE-ELECTION AND REMOVAL

Directors are elected or replaced at general meetings. Shareholders and the Board are entitled to nominate candidates for directorship by written notice.

According to Articles 87 (1) and (2) of the Company's Articles of Association, one-third of the Directors shall retire from office by rotation at least once every three years and, being eligible, offer themselves for re-election at the forthcoming annual general meeting. Any director appointed by the Board pursuant to Article 86(3) shall not be taken into account in determining which particular Director or the number of Directors who are to retire by rotation. Pursuant to Article 86(3) of the Company's Articles of Association, any director appointed by the Board either to fill a casual vacancy or as an addition shall hold office only until the next following annual general meeting of the Company and shall be eligible for re-election.

Each of the executive Directors of the Company has been appointed for an initial term of three years commencing from 27 December 2007 until terminated in accordance with the term of the service contracts. Under the service contracts, either the executive Director or the Company may terminate such appointment at any time by giving to the other not less than three month's prior notice in writing.

Independent non-executive Directors, Mr. Cui Ming, Mr. Xie Shuisheng and Ms. Li Li have each been appointed for a term of three years commencing from 1 December 2013 and Mr. Chai Chaoming has been appointed for a term of three years commencing from 11 May 2012 pursuant to their appointment letters, provided that either the independent non-executive Director or the Company may terminate such appointment at any time by giving to the other not less than two month's prior notice in writing.

DIVISION OF RESPONSIBILITIES

The posts of Chairman and the Chief Executive Officer are distinct and separate. The Chairman is responsible for supervising the functions and performance of the Board, while the Chief Executive Officer is responsible for the management of the businesses of the Group. The current Chairman and Chief Executive Officer of the Company are Mr. Hu Changyuan and Mr. Chen Jianhua, respectively.

The Board comprises four independent non-executive Directors who have brought in strong independent judgment, knowledge and experience. In addition, each executive Director is delegated individual responsibilities to monitor and oversee operations of a specific area, and to implement strategies and policies that are set by the Board. As noted below, all members of the Audit Committee and the majority members of each of the Remuneration Committee and the Nomination Committee are independent non-executive Directors. This structure ensures a sufficient balance of power and authority as well as segregation of powers within the Group.

BOARD COMMITTEE

The Board has appointed the following Board committees to oversee particular aspects of the Company's affairs:

Audit committee

The Audit Committee was established on 1 December 2007 with specific written terms of reference setting out duties, responsibilities and authorities delegated to them by the Board in accordance with the requirements of Listing rules and the CG Code, which is published on the Company's website and the Exchange's website. Currently, the Audit Committee comprises four independent non-executive Directors, namely Mr. Cui Ming, Mr. Xie Shuisheng, Mr. Chai Chaoming and Ms. Li Li. Ms. Li Li has the appropriate professional accounting qualification and is the Chairman of the Audit Committee. The Audit Committee meets formally at least 2 times a year.

Four Audit Committee meetings were held during the year ended 31 December 2013. At the meetings, the member of the Audit Committee has executed the major duties and responsibilities which defined below. The individual attendance record of each member of the Audit Committee is tabulated as follows:

Name of Director	Number of meetings held while being a Director	Number of meetings attended
Ms. Li Li *(Chairman)*	2	1
Mr. Cui Ming	2	1
Mr. Xie Shuisheng	2	2
Mr. Chai Chaoming	2	2

The major duties and responsibilities of the Audit Committee include the followings:

– to review the Group's annual and interim reports as well as financial reports, recommendations on management put forward by auditors and responses from the Company's management;

– to review matters related to accounting policies and accounting practices adopted by the Group;

– to review internal control matters with the external auditors;

– to review the external auditors' statutory audit plan and letters to the management;

– to advise the Board on appointment, re-appointment and removal of hired external auditors, approve remuneration and terms of appointment of external auditors and to handle any problems in relation to the resignation or dismissal of auditors; and

– to review connected transactions and examine the adequacy of internal controls of the Group as part of the standard procedures.

The duties of the Audit Committee include reviewing the scope and results of the audit and its cost effectiveness, and the independence and the objectivity of the Company's auditor. The Audit Committee will review the independence of the Company's auditor and the resources and adequacy of the internal audit function at least once a year. Where the auditor also supplies non-audit services to the Company, the Committee will keep the nature and extent of such services under review, and seek a balance between the maintenance of objectivity and value for money.

The Audit Committee has undertaken a review of all the non-audit services provided by the Company's auditor and concluded that in their opinion such services did not affect the independence of the auditor. The Audit Committee has free access to the accountants and senior management of the Group and to any financial and relevant information which enable them to discharge their functions effectively and efficiently. Besides internal assistance being available, the Audit Committee may request for assistance and advice from external auditors as and when they think necessary at the expenses of the Company. The Audit Committee should liaise with the Board and senior management and the Committee must meet at least twice a year with the external auditors. In addition, the Audit Committee should meet with the external auditors without the presence of the executive Directors to discuss the Group's financial reporting and any major and financial matters arising during the year under review at least once a year.

In addition, the Audit Committee is authorized:

– to investigate into any matter within the ambit of its written terms of reference;

– to have full access to and co-operation by the management;

– to have full discretion to invite any director or executive officer to attend its meetings; and

– to have reasonable resources to enable it to discharge its functions properly.

Remuneration committee

The Remuneration Committee was established on 1 December 2007 with specific written terms of reference setting out duties, responsibilities and authorities delegated to them by the Board in accordance with the requirements of the Listing Rules and the CG Code, which is published on the Company's website and the Exchange's website. Currently, the Remuneration Committee comprises two independent non-executive Directors and one executive Director, namely Mr. Cui Ming (Chairman), Ms. Li Li and Mr. Wang Jianli. Its primary objective is to ensure that the Company can recruit, retain and motivate high-calibre staff in order to reinforce the success of the Company and create value for our Shareholders. The Remuneration Committee is also responsible for making recommendations to the Board on Directors' remuneration packages and on establishment a formal and transparent procedure for developing remuneration policy. When recommending the remuneration package for each individual Director, the Remuneration Committee will consider his/her qualification(s) and experience, specific duties and the prevailing market packages available for similar position. The Remuneration Committee meets formally at least 2 times a year.

Two Remuneration Committee meetings were held during the year ended 31 December 2013. At the meetings, the Remuneration Committee reviewed remuneration policy and packages of the Directors and senior management. The individual attendance record of each member of the Remuneration Committee is tabulated as follows:

Name of Director	Number of meetings held while being a Director	Number of meetings attended
Mr. Cui Ming *(Chairman)*	2	1
Ms. Li Li	2	1
Mr. Wang Jianli	2	2

Nomination committee

The Nomination Committee was established on 1 December 2007 with specific written terms of reference setting out duties, responsibilities and authorities delegated to them by the Board in accordance with the requirements of the Listing Rules and the CG Code, which is published on the Company's website and the Exchange's website. Currently, the Nomination Committee comprises three independent non-executive Directors and one executive Director, namely Mr. Xie Shuisheng (Chairman), Mr. Cui Ming, Mr. Chai Chaoming and Mr. Ma Wanjun. The Nomination Committee meets formally at least one a year.

One Nomination Committee meeting was held during the year ended 31 December 2013. At the meeting, the members of the Nomination Committee discussed and reviewed which Directors should retire from their offices by rotation and their eligibility for re-election at the previous annual general meeting and independence of independent non-executive Directors. The individual attendance record of each member of the Nomination Committee is tabulated as follows:

Name of Director	Number of meetings held while being a Director	Number of meetings attended
Mr. Xie Shuisheng *(Chairman)*	1	1
Mr. Cui Ming	1	0
Mr. Chai Chaoming	1	1
Mr. Ma Wanjun	1	1

According to the written terms of reference of the Nomination Committee, the major responsibilities of the Nomination Committee include:

– regularly review the structure, size and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary;

– review whether or not an independent non-executive Director is independent for the purpose of the Listing Rules on an annual basis;

– be responsible for identifying and nominating appropriate candidate(s) to fill Board vacancies as and when they arise;

– assess the effectiveness of the Board as a whole and the contribution by each individual director to the effectiveness of the Board; and

– to advise the Board on issues regarding appointment or re-appointment of Directors and succession of Directors.

The Nomination Committee had convened a meeting for the nomination of Directors for re-election in the forthcoming annual general meeting of the Company and had resolved that which Directors shall retire, and, being eligible, shall offer themselves for re-election at the forthcoming annual general meeting.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy with effect from 28 August 2013 and discussed all measurable objectives set for implementing the policy.

The Company recognises and embraces the benefits of diversity of Board members. It endeavours to ensure that the Board will be immensely beneficial for the enhancement of the Company's performance. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional and industry experience, skills, knowledge and length of service. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

ACCOUNTABILITY AND AUDIT

Directors' and Auditors' acknowledgement

The Board acknowledges its responsibilities for the preparation of the financial statements for each financial year, which should give a true and fair view of the state of affairs of the Company and the Group and of the results and cash flow for that year in compliance with relevant laws and disclosure provisions of the Listing Rules.

In preparing the financial statements for the year ended 31 December 2013, the Directors have adopted appropriate and consistent accounting policies and made prudent and reasonable judgments and estimations. The financial statements for the reporting year have been prepared on a going-concern basis.

The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. A statement by auditor about their reporting responsibility is set out in the Auditor's Report.

Auditors' Remuneration

During the year, the Company engaged SHINEWING (HK) CPA Limited as the external auditors of the Group until the conclusion of next Annual General Meeting. Apart from providing audit services, SHINEWING (HK) CPA Limited also reviewed the interim results of the Group.

The fees in respect of audit and non-audit services provided by SHINEWING (HK) CPA Limited for the year ended 31 December 2013 amounted to approximately RMB943,000 and RMB118,000 respectively.

Internal Control

The Board bears the overall responsibility for maintaining sound and effective internal control system of the Group. The Group's internal control framework covers (i) the setting of a defined management structure with limits of authority and clear lines of accountability; and (ii) the establishment of regular reporting of financial information, in particular, tracking of deviations from budgets and targets.

During the year, the Directors has reviewed the effectiveness of the internal control system, and considered the internal control system was effective and adequate.

The relevant executive Directors and senior management have been delegated with respective level of authorities. Yearly budgets of the Company are reviewed and approved by the Board. The relevant executive Directors and senior management have specific responsibilities for monitoring the performance, conduct and operations of each subsidiary within the Group by reviewing the differences between actual results and yearly budgets.

Whistle Blowing Policy

To achieving and maintaining the highest standards of openness, probity and accountability, the Company has adopted a whistle blowing policy on 29 March 2012. This Policy aims to govern and deal with fairly and properly concerns raised by the Company's employees about any suspected misconduct or malpractice regarding financial reporting, internal control or other matters within the Company.

COMPANY SECRETARY

Mr. Chan Chung Kik, Lewis was appointed as the company secretary of the Company on 23 July 2007. The biographical details of Mr. Chan are set out under the section headed "Biographical Details of Directors and Company Secretary".

According to the newly introduced Rule 3.29 of the Listing Rules, Mr. Chan has taken no less than 15 hours of relevant professional training during the financial year ended 31 December 2013.

SHAREHOLDER AND INVESTOR RELATIONS

Communication with Shareholders and Investors

The Company is committed to providing Shareholders and other stakeholders (including potential investors) with balanced and understandable information about the Company. The Company uses various communication methods to ensure its Shareholders are kept well informed of key business imperatives. These include general meetings, annual report, interim report, various notices, announcements and circulars.

To ensure all Shareholders timely access to important corporate information, the Company utilises its corporate website to disseminate to the Shareholders information such as announcements, circulars and annual and interim reports. Any information or documents of the Company posted on the Exchange's website are also published on the Company's website (www.xingyecopper.com) under the "Investor Relations" section. Other corporate information about the Company's business developments, goals and strategies, corporate governance and risk management are also available on the Company's website.

The board continues to maintain regular dialogue with institutional investors and analysts to keep them informed the Group's strategy, operations, management and plans.

The annual general meeting and other general meetings of the Company provides a useful forum for Shareholders to exchange views with the Board. The Company provides Shareholders with relevant information on the resolution(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable Shareholders to make an informed decision on the proposed resolution(s). Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. The Chairman of the Board and other Directors, the chairmen of board committees or their delegates, and the external auditors are available to answer Shareholders' questions at the annual general meeting. The chairman of the independent board committee or his/her delegate is also available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval.

The individual attendance record of the Directors at the 2013 annual general meeting ("AGM") held on 16 May 2013 is tabulated below:

	AGM attended/Held
Executive Directors	
Mr. Hu Changyuan *(Chairman)*	1/1
Mr. Chen Jianhua *(Deputy Chairman and Chief Executive Officer)*	1/1
Mr. Wang Jianli	1/1
Mr. Ma Wanjun	1/1
Independent Non-executive Directors	
Mr. Cui Ming	1/1
Mr. Xie Shuisheng	1/1
Mr. Chai Chaoming	1/1
Ms. Li Li	1/1

Shareholders may make direct enquiries about their shareholdings to the Company's Hong Kong branch share registrars. To the extent the requisite information of the Company is publicly available, Shareholders and other stakeholders (including potential investors) may put forward their enquiries about the Company to the Board or the Company Secretary at the Company's head office in Hong Kong or by email or through the Investor Relations Adviser of the Company whose contact details are also available on the Company's website.

SHAREHOLDERS' RIGHTS

Procedure for shareholders to put forward enquiries to the Board

The Company's website provides email address and enquiry telephone lines to enable shareholders of the Company to make any enquiries and concerns to the Board. Shareholders may put forward enquiries to the Board through the Company Secretary who will direct the enquiries to the Board for handling.

Procedures for shareholders to convene an extraordinary general meeting

Pursuant to Article 58 of the articles of association of the Company, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for shareholders to put forward proposals at general meetings

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law, However, shareholders are requested to follow Article 58 of the Company's Articles of Association for including a resolution at an extraordinary general meeting. The requirements and procedures are set out above.

Pursuant to Article 88 of the articles of association of the Company, no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a Notice signed by a Member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Hong Kong Branch Share Registrar and Transfer Office provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven (7) days and that (if the Notices are submitted after the dispatch of the notice of the general meeting appointed for such election) the period for lodgement of such Notice(s) shall commence on the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

If a shareholder wishes to propose a person (the "Candidate") for election as a director of the Company at a general meeting, he/she shall deposit a written notice at the Company's head office at Flat 11, 11th Floor, Hung Tai Industrial Building, 37-39 Hung To Road, Kwun Tong, Kowloon, Hong Kong or Hong Kong Branch Share Registrar and Transfer Office at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong. The written notice must include the personal information of the Candidate as required by Rule 13.51(2) of the Listing Rules.

The procedures for Shareholders to propose a person for election as director is published on the Company's website.

CONSTITUTIONAL DOCUMENTS

The constitutional documents of the Company are available on the Company's website and the Exchange's website. There are no changes in the Company's constitutional documents during the year.

Report of the Directors

The Directors are pleased to present their report together with the audited financial statements of the Group for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Company is an investment holding company with its principal subsidiaries engaged in manufacturing and sales of high precision copper plates and strips, trading of raw materials, provision of processing services and the management of a portfolio of investment.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 8 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2013 are set out in the accompanying financial statements on page 42.

The Board do 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 level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 19 May 2014.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years is set out on page 137 to page 138.

Report of the Directors

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 39 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during the year are set out in note 17 to the financial statements.

INTEREST-BEARING BORROWINGS

Particulars of interest-bearing borrowings of the Group as at 31 December 2013 are set out in note 28 to the financial statements.

SHARE CAPITAL AND RESERVES

Details of the movements in the share capital and reserves of the Group and the Company during the year are set out in note 31 and 38 to the financial statements, respectively.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2013, the aggregate sales attributable to the five largest customers and the largest customer of the Group accounted for approximately 23.4% and 8.4% of the Group's aggregate turnover, while the aggregate purchases attributable to five largest suppliers and the largest supplier of the Group accounted for approximately 34.5% and 11.1% of the Group's aggregate purchases.

At no time during the year have the Directors, their associates or any Shareholder (whom to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interests in such major customers or suppliers.

SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme on 1 December 2007. The principal terms of the scheme are as follows:

The purpose of the Share Option Scheme is to provide incentive or reward to eligible persons (being full time or part time employees, executive, non-executive directors and independent non-executive directors of our Group) for their contribution to, and continuing efforts to promote the interests of, our Company and to enable the Group to recruit and retain high-calibre employees.

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme to an employee in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this limit shall be subject to the approval of Shareholders in a general meeting.

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

Subject to early termination by the Company in general meeting or by the Board of Directors, the Share Option Scheme shall be valid and effective for a period of ten years from the date of adoption, i.e. 27 December 2007.

The following table discloses movements in the Company's share options during the year:

				Number of share options					
Name or type of grantee	**Date of grant**	**Exercisable period**	**Exercise price** *HK$*	**Outstanding as at 1 January 2013**	**Exercised during the year**	**Granted during the year**	**Lapsed during the year**	**Outstanding as at 31 December 2013**	**Approximate percentage of issued share capital of the Company**
Directors									
Chen Jianhua	19-3-2012	19-3-2013 to 30-6-2016	1.34	800,000	–	–	–	800,000	0.11%
	19-3-2012	19-3-2014 to 30-6-2016	1.34	800,000	–	–	–	800,000	0.11%
	19-3-2012	19-3-2015 to 30-6-2016	1.34	800,000	–	–	–	800,000	0.11%
				2,400,000	–	–	–	2,400,000	0.33%
Wang Jianli	19-3-2012	19-3-2013 to 30-6-2016	1.34	800,000	–	–	–	800,000	0.11%
	19-3-2012	19-3-2014 to 30-6-2016	1.34	800,000	–	–	–	800,000	0.11%
	19-3-2012	19-3-2015 to 30-6-2016	1.34	800,000	–	–	–	800,000	0.11%
				2,400,000	–	–	–	2,400,000	0.33%

Name or type of grantee	Date of grant	Exercisable period	Exercise price *HK$*	Number of share options: Outstanding as at 1 January 2013	Exercised during the year	Granted during the year	Lapsed during the year	Outstanding as at 31 December 2013	Approximate percentage of issued share capital of the Company
Ma Wanjun	19-3-2012	19-3-2013 to 30-6-2016	1.34	800,000	–	–	–	800,000	0.11%
	19-3-2012	19-3-2014 to 30-6-2016	1.34	800,000	–	–	–	800,000	0.11%
	19-3-2012	19-3-2015 to 30-6-2016	1.34	800,000	–	–	–	800,000	0.11%
				2,400,000	–	–	–	2,400,000	0.33%
Cui Ming	19-3-2012	19-3-2013 to 30-6-2016	1.34	200,000	–	–	–	200,000	0.03%
	19-3-2012	19-3-2014 to 30-6-2016	1.34	200,000	–	–	–	200,000	0.03%
	19-3-2012	19-3-2015 to 30-6-2016	1.34	200,000	–	–	–	200,000	0.03%
				600,000	–	–	–	600,000	0.09%
Xie Shuisheng	19-3-2012	19-3-2013 to 30-6-2016	1.34	200,000	–	–	–	200,000	0.03%
	19-3-2012	19-3-2014 to 30-6-2016	1.34	200,000	–	–	–	200,000	0.03%
	19-3-2012	19-3-2015 to 30-6-2016	1.34	200,000	–	–	–	200,000	0.03%
				600,000	–	–	–	600,000	0.09%
Chai Chaoming	19-3-2012	19-3-2013 to 30-6-2016	1.34	200,000	–	–	–	200,000	0.03%
	19-3-2012	19-3-2014 to 30-6-2016	1.34	200,000	–	–	–	200,000	0.03%
	19-3-2012	19-3-2015 to 30-6-2016	1.34	200,000	–	–	–	200,000	0.03%
				600,000	–	–	–	600,000	0.09%

Name or type of grantee	Date of grant	Exercisable period	Exercise price HK$	Number of share options: Outstanding as at 1 January 2013	Exercised during the year	Granted during the year	Lapsed during the year	Outstanding as at 31 December 2013	Approximate percentage of issued share capital of the Company
Li Li	19-3-2012	19-3-2013 to 30-6-2016	1.34	200,000	–	–	–	200,000	0.03%
	19-3-2012	19-3-2014 to 30-6-2016	1.34	200,000	–	–	–	200,000	0.03%
	19-3-2012	19-3-2015 to 30-6-2016	1.34	200,000	–	–	–	200,000	0.03%
				600,000	–	–	–	600,000	0.09%
Employees	19-3-2012	19-3-2013 to 30-6-2016	1.34	10,260,000	–	–	(240,000)	10,020,000	1.44%
	19-3-2012	19-3-2014 to 30-6-2016	1.34	10,260,000	–	–	(240,000)	10,020,000	1.44%
	19-3-2012	19-3-2015 to 30-6-2016	1.34	10,260,000	–	–	(240,000)	10,020,000	1.44%
				30,780,000	–	–	(720,000)	30,060,000	4.32%
				40,380,000	–	–	(720,000)	39,660,000	5.67%

Notes:

1. As at 31 December 2013, the total number of issued shares of the Company was 699,501,950.

2. The vesting period of the share options is from the date of grant until the commencement of the exercisable period.

3. During the year, no share options mentioned above were cancelled.

The valuation of share options granted during the year is set out in note 32 to the financial statements.

Report of the Directors

DIRECTORS

The Directors who had held office during the year and up to the date of this report were:

Executive directors

Mr. Hu Changyuan *(Chairman)*
Mr. Chen Jianhua *(Deputy Chairman and Chief Executive Officer)*
Mr. Wang Jianli
Mr. Ma Wanjun

Independent non-executive directors

Mr. Cui Ming
Mr. Xie Shuisheng
Mr. Chai Chaoming
Ms. Li Li

Pursuant to Articles 87(1) and 87(2) of the Company's Articles of Association, Mr. Hu Changyuan, Mr. Wang Jianli, and Mr. Ma Wanjun shall retire from their office by rotation at the forthcoming annual general meeting and, being eligible, offered themselves for re-election.

The Company has received annual confirmation from each of the independent non-executive Directors as regards their independence pursuant to Rule 3.13 of the Listing Rules, and considers that each of the independent non-executive Directors is independent from the Company.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors had entered into a service contract with the Company pursuant to which they shall be appointed for an initial term of three years commencing from 27 December 2007 until terminated in accordance with the terms of the service contracts. Under the service contracts, either party may terminate such contract by giving to the other not less than three months' prior notice in writing.

Independent non-executive Directors, Mr. Cui Ming, Mr. Xie Shuisheng and Ms. Li Li have each been appointed for a term of three years commencing from 1 December 2013 and Mr. Chai Chaoming have each been appointed for a term of three years commencing from 11 May 2012 pursuant to their appointment letters, provided that either the independent non-executive Director or the Company may terminate such appointment at any time by giving to the other not less than two month's prior notice in writing.

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation) save as disclosed herein.

DISCLOSURE OF INTERESTS

Directors' and chief executive's interests in shares, underlying shares and debentures

As at 31 December 2013, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and chief executive of the Company were taken or deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise required to be notified to the Company, and the Stock Exchange pursuant to the Model Code were as follows:

(i) Interest in Shares of HK$0.10 each of the Company

Name of Directors	Capacity	Number of Shares held	Approximate percentage of shareholding*
Hu Changyuan	Founder of a discretionary trust	265,200,000 *(Note 1)*	37.91%
Chen Jianhua	Beneficial owner	1,480,000	0.21%
Wang Jianli	Beneficial owner	1,060,000	0.15%
Ma Wanjun	Beneficial owner	1,060,000	0.15%
Cui Ming	Beneficial owner	220,000	0.03%
Xie Shuisheng	Beneficial owner	175,000	0.03%
Chai Chaoming	Beneficial owner	134,000	0.02%
Li Li	Beneficial owner	320,000	0.05%

Notes:

1. These 265,200,000 Shares were held by Luckie Strike Limited and Come Fortune International Limited which was wholly owned by Dynamic Empire Holdings Limited. The entire issued share capital of Dynamic Empire Holdings Limited was beneficially owned by the Hu Family Trust which was founded by Mr. Hu. Mr. Hu was deemed to be interested in these shares by virtue of the SFO.

* The percentages are calculated based on total issued number of Shares of 699,501,950 as at 31 December 2013.

(ii) Interests in share options of the Company

Name of Directors	Capacity	Number of share options	Exercisable period	Exercise price per share *HK$*	Approximate percentage of shareholding*
Chen Jianhua	Beneficial owner	800,000	19 March 2013 to 30 June 2016	1.34	0.11%
	Beneficial owner	800,000	19 March 2014 to 30 June 2016	1.34	0.11%
	Beneficial owner	800,000	19 March 2015 to 30 June 2016	1.34	0.11%
Wang Jianli	Beneficial owner	800,000	19 March 2013 to 30 June 2016	1.34	0.11%
	Beneficial owner	800,000	19 March 2014 to 30 June 2016	1.34	0.11%
	Beneficial owner	800,000	19 March 2015 to 30 June 2016	1.34	0.11%
Ma Wanjun	Beneficial owner	800,000	19 March 2013 to 30 June 2016	1.34	0.11%
	Beneficial owner	800,000	19 March 2014 to 30 June 2016	1.34	0.11%
	Beneficial owner	800,000	19 March 2015 to 30 June 2016	1.34	0.11%
Cui Ming	Beneficial owner	200,000	19 March 2013 to 30 June 2016	1.34	0.03%
	Beneficial owner	200,000	19 March 2014 to 30 June 2016	1.34	0.03%
	Beneficial owner	200,000	19 March 2015 to 30 June 2016	1.34	0.03%

Name of Directors	Capacity	Number of share options	Exercisable period	Exercise price per share *HK$*	Approximate percentage of shareholding*
Xie Shuishen	Beneficial owner	200,000	19 March 2013 to 30 June 2016	1.34	0.03%
	Beneficial owner	200,000	19 March 2014 to 30 June 2016	1.34	0.03%
	Beneficial owner	200,000	19 March 2015 to 30 June 2016	1.34	0.03%
Chai Chaoming	Beneficial owner	200,000	19 March 2013 to 30 June 2016	1.34	0.03%
	Beneficial owner	200,000	19 March 2014 to 30 June 2016	1.34	0.03%
	Beneficial owner	200,000	19 March 2015 to 30 June 2016	1.34	0.03%
Li Li	Beneficial owner	200,000	19 March 2013 to 30 June 2016	1.34	0.03%
	Beneficial owner	200,000	19 March 2014 to 30 June 2016	1.34	0.03%
	Beneficial owner	200,000	19 March 2015 to 30 June 2016	1.34	0.03%

Notes

These are the underlying Shares of the options granted to the relevant Directors by the Company on 19 March 2012 under the Share Option Scheme adopted pursuant to a shareholders' written resolution passed on 1 December 2007 and such share options remained outstanding as at 31 December 2013. The exercise price is the average closing price of HK$1.34 per Share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant.

* The percentages are calculated based on total issued number of shares of 699,501,950 as at 31 December 2013.

Save as disclosed above, as at 31 December 2013, none of the Directors or chief executive of the Company held or was deemed to hold any interests or short positions in the shares or underlying shares of the Company or any of its associated corporations (as defined in the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or were required to be recorded in the register required to be kept pursuant to section 352 of the SFO, or is otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than disclosed above, at no time during the year was the Company or its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor the chief executive of the Company, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2013, the following persons or corporations had interests or short positions in the Shares and underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of Shareholder	Capacity	Number of shares	Approximate percentage of shareholding*
Luckie Strike Limited	Beneficial owner	110,000,000(L)	15.72%
Come Fortune International Limited	Beneficial owner	155,200,000(L)	22.19%
Dynamic Empire Holdings Limited *(Note 1)*	Interest of a controlled corporation	265,200,000(L)	37.91%
Barclays Wealth Trustees (Singapore) Limited *(Note 1)*	Trustee (other than a bare trustee)	265,200,000(L)	37.91%
Barclays PLC *(Note 2)*	Interest of a controlled Corporation	32,000(S) 32,000(L)	0.005% 0.005%
	Trustee (other than a bare trustee)	265,200,000(L)	37.91%
Yu Yuesu *(Note 3)*	Interest of spouse	265,200,000(L)	37.91%

Notes:

1. The Shares were held by Luckie Strike Limited and Come Fortune International Limited which was wholly owned by Dynamic Empire Holdings Limited. The entire issued share capital of Dynamic Empire Holdings Limited was beneficially owned by the Hu Family Trust, the trustee of which was Barclays Wealth Trustees (Singapore) Limited. Dynamic Empire Holdings Limited was deemed to be interested in all the Shares in which Luckie Strike Limited and Come Fortune International Limited is interested by virtue of the SFO. Barclays Wealth Trustees (Singapore) Limited was deemed to be interested in all the Shares in which Dynamic Empire Holdings Limited was interested by virtue of the SFO. The Shares registered in the name of Luckie Strike Limited and Come Fortune International Limited was also disclosed as the interest of Mr. Hu Changyuan in the section headed "Directors and chief executive's interests in shares, underlying shares and debentures" above.

2. Barclays Wealth Trustees (Singapore) Limited was wholly owned by Barclays PLC. Barclays PLC was deemed to be interested in all the Shares in which Barclays Wealth Trustees (Singapore) Limited was interested by virtue of the SFO.

3. Ms. Yu Yuesu is deemed to be interested in these shares under the SFO by virtue of being the spouse of Mr. Hu Changyuan.

The letter "S" denotes a short position in the Share
The letter "L" denotes a long position in the Share

* The percentages are calculated based on total number of issued Shares of 699,501,950 as at 31 December 2013.

Save as disclosed herein, as at 31 December 2013, so far as the Directors are aware, there were no other person, other than the Directors and chief executive of the Company, who had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS

There was no contract of significance in relation to the Company's business to which the Company, any of its subsidiaries, its holding company or its fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors were interested in any business apart from the Group's businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group during the year.

CONNECTED TRANSACTIONS

Details of the related party transactions and connected transactions of the Group are set out in note 37 to the financial statements.

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.

Report of the Directors

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 report, 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.

AUDITORS

KPMG ceased to act as auditor of the Company with effect from 5 July 2012. SHINEWING (HK) CPA Limited ("SHINEWING") has replaced KPMG to act as auditor of the Company since 5 July 2012 and has acted as auditors of the Company for the year ended 31 December 2013.

On 16 May 2013, SHINEWING was re-appointed as the auditor of the Company for a term ending upon conclusion of the forthcoming annual general meeting. A resolution for the re-appointment of SHINEWING as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board
Hu Changyuan
Chairman

Hong Kong, 28 March 2014

Biographical Details of the Directors and Company Secretary

EXECUTIVE DIRECTORS

Mr. HU Changyuan, aged 65, is an executive Director and Chairman of the Board of the Company. Mr. Hu was recognized as a senior economist by the Municipal Personnel Bureau of Zhejiang Province（浙江省人事廳）in 1995. He is the founder of the Group. Mr. Hu has more than 25 years of experience in the copper plates and strips industry. He was a committee member of the first council of the China Nonferrous Metals Industry Association（中國有色金屬工業協會）(the "CNMFIA"), a member of the People's Political and Consultation Commission of Cixi City（慈溪市政協）and was a representative to the People's Congress of Ningbo City（寧波市人大）. Mr. Hu was awarded the title of "Labor Model of Ningbo City"（寧波市勞動模範）by Ningbo People's Government（寧波市人民政府）in 1991. In 2005, Mr. Hu served as a vice president of the Zhejiang Charity Federation（浙江省慈善總會）. In 2005, Mr. Hu was awarded Zhejiang Charitable Individual（浙江慈善個人獎）by the People's Government of Zhejiang. He was also awarded the title of outstanding Chinese Entrepreneur（中國優秀企業家）by the Chinese International Hua Shang Association（中國國際華商會）and International Hua Shang Magazine（國際《華商》雜誌社）in 2006. In 2007, he was awarded "Outstanding Contributions to Chinese Charities"（中華慈善事業突出貢獻獎）and the title of "China's Charity Figure"（中華慈善人物）by China Charity Federation（中華慈善總會）.

Mr. CHEN Jianhua, aged 46, is an executive Director and Deputy Chairman of the Board of the Company and Chief Executive Officer of the Group. He graduated from an executive management program in business administration organized by Shanghai Fudan University and Hong Kong University Continuing Education Institute（上海港大－復旦專業繼續教育學院）in 2004 and has been working for the Group since 1998. Mr. Chen was appointed as the Chief Executive Officer of the Group in January 2005, responsible for the day-to-day management of the Group. Mr. Chen has more than 25 years of experience in the copper plates and strips industry. He was awarded the title of "Outstanding Entrepreneur of Cixi City"（慈溪市突出貢獻企業家）by the People's Government of Cixi in 2005 and 2006. In 2005, he was awarded the title of "Outstanding Entrepreneur"（優秀企業家）by the CNMFIA. In 2007, he was awarded the title of "Advanced Production Worker" by Cixi City, and was also awarded Outstanding Figure in the Industrial and Economic Year of Cixi City. In December 2009, he was recognized as a senior economist by Ningbo Municipal Personnel Bureau.

Mr. WANG Jianli, aged 42, is an executive Director of the Company and Chief Operating Officer of the Group. He obtained a diploma in urban planning and management from Hangzhou University in 1996. He graduated from an executive management program in business administration organized by Zhejiang University in 2003 and Mr. Wang was recognized as an economist by the People's Government of Ningbo City（寧波市人民政府）of the PRC and was recognized as a senior economist in 2011. He has been working for the Group since 1998. Mr. Wang has been a vice-general manager of the Group since 2004, responsible for the sales, marketing and sourcing functions of the Group. Mr. Wang was appointed as the Chief Operating Officer of the Group in January 2010. Mr. Wang has 25 years of experience in the copper plates and strips industry. Mr. Wang was awarded the title of "Model of Founders of Township Enterprises"（浙江省鄉鎮企業創業標兵）by Zhejiang Province Township Enterprise Bureau（浙江省鄉鎮企業局）and Zhejiang Province Chamber of Industry（浙江省總工會）in 1999. In 2006, he was awarded the title of "Star Entrepreneur of Cixi City"（慈溪市明星企業家）by the People's Government of Cixi of the PRC. In 2008, Mr. Wang was awarded "Outstanding Contributions Person of Cixi City"（慈溪市突出貢獻人才獎）. Mr. Wang completed the chief marketing officer program organized by China Europe International Business School in October 2010. Mr. Wang completed the Management Ph.D. seminar program organized by Beijing Normal University in October 2012. In 2013, he received one first class prize and one second class price of China Nonferrous Metals Industry Science and Technology Award（中國有色金屬工業科學技術獎）and involved in the setup of two national industry standards. In the same year, he was named by the Management Committee of Hangzhou Bay New District of Ningbo as the Annual Influential Person of Industrial Economy in2013. Mr. Wang also attended the Fifth Operation Workshop of Jingci Amiba（京瓷阿美巴經營研修班）organized by Jingci Amiba Management Consultancy (Shanghai) Co., Ltd.（京瓷阿美巴管理顧問（上海）有限公司）and finished full courses and obtained the pass certificate.

Mr. MA Wanjun, aged 47, is an executive Director of the Company. He graduated from an executive management program in business administration organized by Shanghai Fudan University and Hong Kong University Continuing Education Institute（上海港大－復旦專業繼續教育學院）in 2004. He has been working for the Group since 2001 and Mr. Ma has been a vice-general manager of the Group since 2004, responsible for the management of technology equipment and production of the Group. Mr. Ma was appointed as general manager of Shengtai in December 2009. Mr. Ma has more than 25 years of experience in the copper plates and strips industry. In 1999, he was engaged as a committee member of the heavy nonferrous metal branch association of China National Nonferrous Metal Standardization Technology Commission（全國有色金屬標準化技術委員會）by the General Administration of Quality Supervision, Inspection and Quarantine（國家質量監督檢驗檢疫總局）of the PRC. He was awarded the title of "Star Entrepreneur of Cixi City"（慈溪市明星企業家）by the People's Government of Cixi of the PRC in 2005. In 2006, he was awarded the title of "Outstanding Figure in the Nonferrous Metal Industry of China"（中國有色金屬工業優秀科技工作者）by the CNMFIA and the Chinese Non-Ferrous Metal Society（有色金屬學會）. In 2008, he was a committee member of the Chinese Non-Ferrous Metal Society of Shanghai（上海有色金屬學會）. In 2009, he was recognized as a senior engineer by Municipal Personnel Bureau of Jiangxi Province. In March 2010, Mr. Ma was the vice president of Shanghai Nonferrous Metals Association. Mr. Ma has been a member of the sixth committee of the Metal Alloy Processing Academic Committee of Nonferrous Metals Society of China（中國有色金屬學會合金加工學術委員會）since July 2010. From October 2011, he has been the vice president of the council of the CNMFIA. In 2013, he received one first class prize and one second class prize of China Nonferrous Metals Industry Science and Technology Award（中國有色金屬工業科學技術獎）and involved in the setup of two national industry standards. He is currently the Deputy Director of the Sixth Council of China's Nonferrous Processing Industry Association（中國有色金屬加工工業協會第六屆理事會）.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CUI Ming, aged 57, is an independent non-executive Director of the Company since December 2007. He obtained a bachelor degree in finance from the Beijing Capital Economics and Business University in 1982. In 1994, Mr. Cui founded New York-based First Pacific Rim Inc., a investment banking company in US which is controlled by Guotai J&A Securities, a brokerage and investment banking firm in the PRC, and has been its CEO for 9 years. From May, 2004 to December 2010, Mr. Cui was the managing director of China Vision SME, LP, a private equity fund established in the Bahamas. Mr. Cui is the CEO of Oriental Financial Management Ltd, a financial management firm with offices in Beijing and Hong Kong, and also the founder of the said company.

Mr. XIE Shuisheng, aged 69, is an independent non-executive Director of the Company since December 2007. He obtained a doctorate degree in metal forming process（金屬塑性加工）from Tsinghua University in 1986. Mr. Xie is the professor and PhD supervisor of General Research Institute for Nonferrous Metals in Beijing（北京有色金屬研究總院）and consultant of Nonferrous Metal Processing Center（有色金屬加工中心）. In recent years, he has guided the studies of more than 30 master and doctorate students. Mr. Xie is also a committee member of the former Nonferrous Metals Society of China（前中國有色金屬學會）, the head of the Metal Alloy Processing Academic Committee of Nonferrous Metals Society of China（中國有色金屬學會合金加工學術委員會）, a committee member of the Beijing Mechanical Engineering Society（中國機械工程學會）and the head of the Pressure Processing Society of the Chinese Mechanical Engineering Society（壓力加工學會）, a committee member of the Confederation of Chinese Metal Forming Industry and the vice chairman of the Semi-solid Processing Committee of the Chinese Mechanical Engineering Society（中國機械工程學會鍛壓學會理事兼半固態加工學術委員會）; Mr. Xie, who is an expert, can enjoy the special benefit offer by government of PRC. Mr. Xie is an authoritative figure in his field of studies, he has published over 350 articles in various international and Chinese academic journals, has published 25 books and has obtained 32 patents in China. Mr. Xie has been awarded National science and technology progressive 2^{nd} prize, 6 awards of ministry level 1^{st} prize and 9 awards of 2^{nd} prize.

Biographical Details of the Directors and Company Secretary

Mr. CHAI Chaoming, aged 44. is an independent non-executive Director of the Company since May 2009. He graduated and obtained a Bachelor degree in economics from Shanghai University of Finance & Economics and a Master degree in business administration from Guanghua School of Management of Beijing University. Mr. Chai is a partner of Raystone Capital Management, LLP, a fund which focuses on private equity investment in China. Since 2007, Mr. Chai is an independent non-executive director of Western Securities Limited, a company listed on the Shenzhen Stock Exchange (stock code: 002673). Mr. Chai has extensive experience in corporate management and investment.

Ms. LI Li, aged 41, is an independent non-executive Director of the Company since December 2007. She is a qualified accountant in the PRC, and is a member of the Association of International Accountants. She obtained a bachelor degree in business administration from the Party School of Central Committee of the Communist Party of China located at Jiangsu Province, China, in 1997. Ms. Li has been the manager of the finance department of the Shanghai office of Springs Global since 2005 and has been promoted to financial controller of Asia Pacific of Springs Global in January 2010.

Various aspects of the business and operations of the Group are respectively under direct responsibilities of the Executive Directors who are regarded as the senior management of the Company.

COMPANY SECRETARY

Mr. CHAN Chung Kik, Lewis, aged 41, is the chief financial officer and the Company Secretary of the Group since July 2007, and is responsible for the overall financial management functions of the Group. Prior to joining the Group, he had worked in international accounting firms for more than 9 years and served in different key roles such as chief financial officer in PRC state-owned enterprises for about 2 years. He has more than 17 years of experience in auditing, accounting and corporate finance. He holds a bachelor degree in accounting from the University of Canberra, Australia and is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the CPA of Australia.

Independent Auditor's Report

信永中和 ShineWing

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

TO THE MEMBERS OF XINGYE COPPER INTERNATIONAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Xingye Copper International Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 42 to 136, which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Except as described in the basis for qualified opinion paragraph below, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

信永中和
ShineWing

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

TO THE MEMBERS OF XINGYE COPPER INTERNATIONAL GROUP LIMITED (Continued)
(Incorporated in the Cayman Islands with limited liability)

BASIS FOR QUALIFIED OPINION

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 net gain 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) 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.

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.

信永中和
ShineWing

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

TO THE MEMBERS OF XINGYE COPPER INTERNATIONAL GROUP LIMITED (Continued)
(Incorporated in the Cayman Islands with limited liability)

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

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.

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 RMB146,959,000 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.

SHINEWING (HK) CPA Limited
Certified Public Accountants

Chong Kwok Shing
Practising Certificate Number: P05139

Hong Kong
28 March 2014

Consolidated Statement of Profit or Loss

For the year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
Revenue	8	**3,603,600**	3,229,126
Cost of sales		**(3,481,218)**	(3,081,455)
Gross profit		**122,382**	147,671
Other income	9	**35,928**	40,435
Other gains and losses, net	12	**18,541**	14,245
Distribution expenses		**(24,030)**	(21,275)
Administrative expenses		**(77,292)**	(77,348)
Share of profits of associates	19	**334**	3,796
Share of loss of a joint venture	20	**(12,032)**	(470)
Finance costs	10	**(42,345)**	(49,603)
Profit before tax		**21,486**	57,451
Income tax expenses	11	**(11,866)**	(24,357)
Profit for the year	12	**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)	16	**0.01**	0.05
Diluted (RMB)	16	**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	17	**728,155**	608,414
Lease prepayments	18	**29,714**	35,852
Interest in an associate	19	**6,613**	21,083
Interest in a joint venture	20	**–**	12,032
Available-for-sale investments	21	**35,000**	37,870
Deposits for acquisition of property, plant and equipment		**77,783**	34,998
		877,265	750,249
Current assets			
Inventories	22	**427,909**	467,244
Trade and other receivables	23	**444,182**	446,196
Loan receivables	24	**60,396**	28,274
Derivative financial instruments	25	**–**	3,734
Pledged deposits	26	**103,294**	117,854
Cash and cash equivalents	26	**56,730**	87,603
		1,092,511	1,150,905
Current liabilities			
Trade and other payables	27	**449,060**	390,497
Derivative financial instruments	25	**2,872**	–
Interest-bearing borrowings	28	**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	28	**18,940**	1,420
Deferred income	29	**9,513**	9,986
Deferred tax liabilities	30	**18,939**	19,889
		47,392	31,295
Net assets		**682,914**	698,445

Consolidated Statement of Financial Position

As at 31 December 2013

	Note	2013 RMB'000	2012 RMB'000
Capital and Reserves			
Share capital	31	**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

The consolidated financial statements on pages 42 to 136 were approved and authorised for issue by the board of directors on 28 March 2014 and are signed on its behalf by:

Hu Changyuan
Director

Chen Jianhua
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

		Attributable to owners of the Company									
	Note	Share capital	Share premium *(Note 31(b)(i))*	Capital reserve *(Note 31(b)(ii))*	PRC statutory reserve *(Note 31(b)(iii))*	Translation reserve	Share-based compensation reserve *(Note 31(b)(iv))*	Retained earnings	Total	Non-controlling interests	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2012		64,881	227,978	259,726	47,847	(12,794)	–	91,377	679,015	3,440	682,455
Profit for the year		–	–	–	–	–	–	32,411	32,411	683	33,094
Other comprehensive expense for the year:											
Exchange differences arising on translation of foreign operations		–	–	–	–	(1,384)	–	–	(1,384)	–	(1,384)
Total comprehensive income for the year		–	–	–	–	(1,384)	–	32,411	31,027	683	31,710
Dividend approved in respect of the previous year	*15*	–	–	–	–	–	–	(34,154)	(34,154)	–	(34,154)
Equity-settled share-based payments		–	–	–	–	–	4,154	–	4,154	–	4,154
Transfer to reserve		–	–	–	12,605	–	–	(12,605)	–	–	–
Capital contribution from non-controlling interests		–	–	–	–	–	–	–	–	14,280	14,280
At 31 December 2012		64,881	227,978	259,726	60,452	(14,178)	4,154	77,029	680,042	18,403	698,445

		Attributable to owners of the Company									
	Note	Share capital	Share premium *(Note 31(b)(i))*	Capital reserve *(Note 31(b)(ii))*	PRC statutory reserve *(Note 31(b)(iii))*	Translation reserve	Share-based compensation reserve *(Note 31(b)(iv))*	Retained earnings	Total	Non-controlling interests	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2013		64,881	227,978	259,726	60,452	(14,178)	4,154	77,029	680,042	18,403	698,445
Profit for the year		–	–	–	–	–	–	8,998	8,998	622	9,620
Other comprehensive expense for the year:											
Exchange differences arising on translation of foreign operations		–	–	–	–	(1,346)	–	–	(1,346)	–	(1,346)
Total comprehensive income for the year		–	–	–	–	(1,346)	–	8,998	7,652	622	8,274
Dividend approved in respect of the previous year	*15*	–	–	–	–	–	–	(27,840)	(27,840)	–	(27,840)
Equity-settled share-based payments		–	–	–	–	–	3,493	–	3,493	–	3,493
Share options lapsed		–	–	–	–	–	(51)	51	–	–	–
Transfer to reserve		–	–	–	6,333	–	–	(6,333)	–	–	–
Dividend paid to non-controlling interest		–	–	–	–	–	–	–	–	(438)	(438)
Capital contribution from non-controlling interests		–	–	–	–	–	–	–	–	980	980
At 31 December 2013		64,881	227,978	259,726	66,785	(15,524)	7,596	51,905	663,347	19,567	682,914

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	2013 *RMB'000*	2012 *RMB'000*
OPERATING ACTIVITIES		
Profit before tax	**21,486**	57,451
Adjustments for:		
Finance costs	**42,345**	49,603
Bank interest income	**(6,622)**	(3,258)
Interest income from trading securities	**–**	(317)
Interest income from non-controlling interests	**(201)**	(377)
Interest income on loan receivables	**(5,584)**	(2,050)
Government grants	**(22,285)**	(33,266)
Write-down (reversal of) of inventories	**998**	(5,548)
Amortisation of deferred income	**(573)**	(617)
Share of profits of associates	**(334)**	(3,796)
Share of loss of a joint venture	**12,032**	470
Depreciation of property, plant and equipment	**52,597**	45,392
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**	–
Amortisation of lease prepayments	**744**	710
Equity-settled share-based payment transactions	**3,493**	4,154
Unrealised fair value change on derivative financial instruments	**2,872**	(3,734)
Loss (gain) on written-off/disposal of property, plant and equipment	**1,391**	(216)
Gain on disposal of lease prepayments	**–**	(2,870)
Gain on disposal of interest in an associate	**(4,395)**	–
Gain on disposal of an available-for-sale investment	**(280)**	–
Operating cash flows before movements in working capital	**107,880**	104,431
Decrease in inventories	**38,337**	73,131
(Increase) decrease in trade and other receivables	**(191,847)**	10,546
Increase (decrease) in trade and other payables	**54,086**	(94,614)
Decrease in derivative financial instruments	**3,734**	3,951
Decrease in trading securities	**–**	12,772
Cash generated from operations	**12,190**	110,217
Interest paid	**(42,101)**	(52,578)
Tax paid	**(16,309)**	(14,175)
NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES	**(46,220)**	43,464

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	2013 RMB'000	2012 RMB'000
INVESTING ACTIVITIES		
Interest received	**7,298**	4,981
Acquisition of available-for-sale investments	**–**	(37,870)
Proceeds from disposal of interest in an associate	**25,799**	–
Proceeds from disposal of an available-for-sale investment	**3,150**	–
Proceeds from deregistration of an associate	**–**	17,713
Payment for investment in an associate	**(6,600)**	–
Proceeds from disposal of lease prepayments	**5,000**	323
Proceeds from disposal of property, plant and equipment	**214**	2,088
Acquisition of property, plant and equipment	**(130,634)**	(105,013)
Placement of deposit for acquisition of property, plant and equipment	**(68,800)**	(34,998)
Repayment of loan receivables	**14,780**	–
Acquisition of lease prepayments	**–**	(20,572)
Loan receivables made	**(42,598)**	(27,630)
NET CASH USED IN INVESTING ACTIVITIES	**(192,391)**	(200,978)
FINANCING ACTIVITIES		
Dividends paid	**(27,840)**	(34,154)
Dividend paid to non-controlling interest	**(438)**	–
Repayment of borrowings	**(1,587,224)**	(1,671,714)
New borrowings raised	**1,792,854**	1,738,578
Interest-free advances received	**–**	12,190
Repayment of interest-free advances	**(6,193)**	(7,787)
Capital contribution from non-controlling interests	**980**	14,280
Government grants received	**22,385**	40,266
Placement of pledged deposits	**(103,294)**	(117,854)
Withdrawal of pledged deposits	**117,854**	32,351
NET CASH GENERATED FROM FINANCING ACTIVITIES	**209,084**	6,156
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(29,527)**	(151,358)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**87,603**	240,345
Effect of foreign exchange rate changes	**(1,346)**	(1,384)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**56,730**	87,603

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 principal activity of the Company is investment holding. The principal activities of the Company's principal subsidiaries are set out in note 39.

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.

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

New and revised standards on consolidation, joint arrangements, associates and disclosures (Continued)

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).

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

New and revised standards on consolidation, joint arrangements, associates and disclosures (Continued)

IFRS 11 *Joint Arrangements* (Continued)

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. Details are set out in notes 19, 20 and 39.

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).

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

IFRS 13 *Fair Value Measurement* (Continued)

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.

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

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.

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

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.

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

Annual Improvements to IFRSs 2010-2012 Cycle (Continued)

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.

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

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.

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

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.

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

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. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries). If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns. When the Group has less than a majority of the voting rights of an investee, power over the investee may be obtained through: (i) a contractual arrangement with other vote holders; (ii) rights arising from other contractual arrangements; (iii) the Group's voting rights and potential voting rights; or (iv) a combination of the above, based on all relevant facts and circumstances.

The Company reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Consolidation of a subsidiary begins when the Company obtains control of the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity method. Under the equity method, investments in associates and joint ventures are initially recognised at cost. The Group's share of the profit or loss and changes in the other comprehensive income of the associates and joint ventures are recognised in profit or loss and other comprehensive income respectively after the date of acquisition. If the Group's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, which determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

If an associate or a joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to make the associate's or joint venture's accounting policies conform to those of the Group when the associate's or joint venture's financial statements are used by the Group in applying the equity method.

After application of the equity method, including recognising the associate's or joint venture's losses (if any), the Group determines whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. Because goodwill that forms part of the carrying amount of an investment in an associate or a joint venture is not separately recognised the entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment in the associate or joint venture. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Gains and losses resulting from transactions between the Group and its associate or joint venture are recognised in consolidated financial statements only to the extent of unrelated investors' interests in the associate or joint venture. The Group's share in the associate's or joint venture's gains or losses resulting from these transactions is eliminated.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods sold and services rendered in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

Service income is recognised when services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to allocate the cost of items of property, plant and equipment other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress includes property, plant and equipment in the course of construction for production, supply or administrative purposes. Construction in progress is carried at cost less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Construction in progress is classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating lease is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasehold land

The Group assesses the classification of leasehold land as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of leasehold land has been transferred to the Group.

Interest in leasehold land that is accounted for as an operating lease is presented as "lease prepayments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, associates and joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Cash and cash equivalents

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represented the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sales.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss ("FVTPL"), loans and receivables or available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL

Financial assets at FVTPL are financial assets held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the financial statement line of other gains and losses, net in the consolidated statement of profit or loss. Fair value is determined in the manner described in note 7.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, loan receivables, pledged deposits, and cash and cash equivalent) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, held-to-maturity investments or loans and receivables.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment of financial assets below).

Dividends on available-for-sale equity investments are recognised in profit or loss when the Group's right to receive the dividends is established.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period or observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables and loan receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and other receivable or loan receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

The Group's financial liabilities are classified into either financial liabilities at FVTPL or other financial liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at FVTPL

Financial liabilities at FVTPL are financial liabilities held for trading.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised directly in profit or loss in the period in which they arise.

Other financial liabilities

Other financial liabilities including interest-bearing borrowings and trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Derecognition

A financial asset is derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

A financial liability is derecognised when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share-based compensation reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based compensation reserve.

When share options are exercised, the amount previously recognised in share-based compensation reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based compensation reserve will be transferred to retained earnings.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

Fair value measurement

When measuring fair value, except for the Group's share-based payment transactions, net realisable value of inventories and value in use of property, plant and equipment for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgments in applying the entity's accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Going concern basis

As explained in note 2 to the consolidated financial statements, the consolidated financial statements have been prepared on a going concern basis and do not include any adjustments that would be required should the Group fail to continue as a going concern since the directors of the Company are satisfied that the liquidity of the Group can be maintained in the coming twelve months taking into consideration the profitable operations of the Group and the unutilised bank facilities of the Group will not be expiring in 2014. The directors of the Company believe that the Group will have sufficient cash resources to satisfy its future working capital and capital commitments for the next twelve months from 31 December 2013.

Legal title of buildings

As further detailed in note 17, despite the Group has paid the full consideration for certain buildings, the Group has not yet obtained the rights to the use of these building from the relevant government authorities. The directors of the Company are of the opinion that the risks and rewards of using these assets have been transferred to the Group and the absence of formal titles to these buildings do not impair the value of the relevant properties to the Group.

Classification of joint arrangements

Ulba is a limited liability company whose legal form confers separation between the parties to joint arrangement and the Company itself. Furthermore, the contractual arrangement of Ulba confers the parties to the joint arrangement rights to the net assets of Ulba instead of rights to assets or obligations for liabilities of Ulba. Accordingly, Ulba is classified as a joint venture of the Group.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives and residual value of property, plant and equipment

The directors of the Company determine the residual value, useful lives and related depreciation charges for its property, plant and equipment, as disclosed in note 17. This estimate is based on the historical experience of the actual residual value and useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and keen competitions from competitors. The directors of the Company will increase the depreciation charge where residual value or useful lives are less than previously estimated, or it will write-off or write-down the carrying values of those technically obsolete assets.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Useful lives and residual value of property, plant and equipment (Continued)

The carrying amount of property, plant and equipment of the Group as at 31 December 2013 is RMB728,155,000 (2012: RMB608,414,000).

Impairment loss recognised in respect of property, plant and equipment and lease prepayments

The carrying values of property, plant and equipment and lease prepayments are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The recoverable amount of these assets, or, where appropriate, the cash-generating unit to which they belong, is the higher of their fair value less costs to sell and value in use. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The carrying amount of property, plant and equipment and lease prepayments of the Group as at 31 December 2013 is RMB728,155,000 (2012: RMB608,414,000) and RMB30,464,000 (2012: RMB36,622,000). As at 31 December 2013, the accumulated impairment loss recognised in respect of the Group's property, plant and equipment and lease prepayments amounted to RMB10,737,000 (2012: RMB10,737,000) and RMB5,414,000 (2012: nil) respectively.

Estimated write-down on inventories

Inventories are valued at the lower of cost and net realisable value. The Group regularly inspects and reviews its inventories to identify slow-moving and obsolete inventories. When the Group identifies items of inventories which have a market price that is lower than its carrying amount or are slow-moving or obsolete, the Group would write down such inventories in that period.

As at 31 December 2013, the Group's inventories amounted to approximately RMB427,909,000 (2012: RMB467,244,000), net of accumulated provision for write-down of approximately RMB3,434,000 (2012: RMB2,436,000).

Estimated impairment loss of trade and other receivables, and loan receivables

When there is objective evidence of impairment loss of trade and other receivables, and loan receivables, the Group takes into consideration the estimation of future cash flows of respective trade and other receivable, and loan receivables. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Estimated impairment loss of trade and other receivables, and loan receivables (Continued)

As at 31 December 2013, the carrying amount of the Group's trade and other receivables, and loan receivables are RMB444,182,000 (2012: RMB446,196,000) (net of accumulated impairment of RMB4,782,000 (2012: nil)) and RMB60,396,000 (2012: RMB28,274,000) respectively.

Estimated impairment loss on interest in an associate and available-for-sale investments

In determining whether the Group's interest in an associate and available-for-sale investments are impaired requires an estimation of the recoverable amount. Impairment assessment had been carried out at the end of the reporting period on the investments in their entirety with reference to the investee companies' financial performance and financial position. In the opinion of the directors, no impairment is considered necessary. As at 31 December 2013, the carrying amounts of the Group's interest in an associate and available-for-sale investments are RMB6,613,000 (2012: RMB21,083,000) and RMB35,000,000 (2012: RMB37,870,000) respectively.

Estimated impairment loss on interest in a joint venture

In determining whether the Group's interest in a joint venture is impaired requires an estimation of the future cash flows expected to arise and expected dividend yield from the investment and a suitable discount rate in order to calculate the present value. Impairment assessment had been carried out at the end of the reporting period on the investment in its entirety. As at 31 December 2013, the carrying amount of the Group's interest in a joint venture is nil (2012: RMB12,032,000).

Measurement of equity-settled share-based payment

The directors estimate the number of share options that are expected to ultimately vest based on the Group's historical information and their past experience. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based compensation reserve. In assessing the fair value of the share options, the generally accepted option pricing models were used to calculate the fair value of the share options. The option pricing models require the input of subjective assumptions, including the volatility of its own ordinary shares and the expected life of options. As at 31 December 2013, the Group's share-based compensation reserve is RMB7,596,000 (2012: RMB4,154,000). The Group recognised total expense of RMB3,493,000 for the year ended 31 December 2013 (2012: RMB4,154,000) in relation to share options granted by the Company.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the structure of its capital, comprising equity and loans. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, adjust the capital expenditure plan, sell assets to reduce debt, or adjust the proportion of short-term and long-term loans. The Group monitors capital on the basis of debt-to-capital ratio, which is calculated by dividing interest-bearing borrowings by the total of equity and interest-bearing borrowings, and liability-to-asset ratio, which is calculated by dividing total liabilities by total assets. The Group's strategy is to make appropriate adjustments according to the operating and investment needs and the changes of market conditions, and to maintain the debt-to-capital ratio and the liability-to-asset ratio at a maximum level of 70% (2012: 70%). As at 31 December 2013, the debt-to-capital ratio and the liability-to-asset ratio of the Group are 54% (2012: 52%) and 65% (2012: 63%) respectively.

	2013 ***RMB'000***	2012 *RMB'000*
Total interest-bearing borrowings	**794,709**	767,075
Equity	**682,914**	698,445
Capital	**1,477,623**	1,465,520
Debt-to-capital ratio	**54%**	52%
Total liabilities	**1,286,862**	1,202,709
Total assets	**1,969,776**	1,901,154
Liability-to-asset ratio	**65%**	63%

7. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2013	2012
	RMB'000	*RMB'000*
Financial assets		
Held for trading financial assets:		
– Derivative financial instruments	**–**	3,734
Loans and receivables (including cash and cash equivalents)	**577,301**	610,571
Available-for-sale investments	**35,000**	37,870
	612,301	652,175
Financial liabilities		
Held for trading financial liabilities:		
– Derivative financial instruments	**2,872**	–
Financial liabilities at amortised cost	**1,196,095**	1,109,490
	1,198,967	1,109,490

(b) Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, trade and other receivables, loan receivables, derivative financial instruments, pledged deposits, cash and cash equivalents, trade and other payables and interest-bearing borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

7. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk

(i) Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the directors of the Company monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	2013	2012
	RMB'000	*RMB'000*
Assets		
United States dollars ("USD")	**183,244**	195,136
Hong Kong dollars ("HKD")	**1,651**	1,046
European dollars ("EURO")	**–**	28,618
	184,895	224,800
Liabilities		
USD	**290,285**	182,521
HKD	**1,143**	826
Japanese Yen ("JPY")	**4,813**	833
EURO	**2,094**	–
	298,335	184,180

7. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) *Currency risk* (Continued)

Sensitivity analysis

The Group is mainly exposed to fluctuation against foreign currencies of USD, HKD, JPY and EURO.

The following table details the Group's sensitivity to a 5% (2012: 5%) increase and decrease in functional currency of respective group entities against the relevant foreign currencies. 5% (2012: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2012: 5%) change in foreign currency rates. A positive number below indicates an increase in post-tax profit where the functional currency of respective group entities strengthens 5% (2012: 5%) against the relevant foreign currencies. For a 5% (2012: 5%) weakening of the functional currency of respective group entities against the relevant foreign currencies, there would be an equal and opposite impact on the post-tax profit.

	2013	2012
	RMB'000	*RMB'000*
Effect on post-tax profit		
USD	**4,014**	(473)
HKD	**(19)**	(8)
JPY	**181**	31
EURO	**79**	(1,073)

7. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings (see note 28) and loan receivables (see note 24). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see note 28).

The Group currently does not have an interest rate hedging policy to hedge against these exposures. However, the directors of the Company closely monitors interest rate exposures and will consider entering into interest rate swap transactions to hedge significant interest rate exposures should the need arises.

The directors of the Company considered that the exposure to cash flow interest rate risk in relation to pledged bank deposits and bank balances is minimal and, accordingly, no sensitivity analysis is presented for both years.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of People's Bank of China ("PBOC") lending rate arising from the Group's Renminbi denominated borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the variable interest rates borrowings at the end of the reporting period. The analysis is prepared assuming the variable interest rates borrowings outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis point (2012: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2012: 100 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2013 would decrease/increase by RMB182,000 (2012: RMB1,115,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings.

7. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Commodity price risk

The Group is exposed to price risk of copper, which is the major raw material for the production process and trading. To mitigate the commodity price risk, the Group has entered into copper future contracts to hedge against the fluctuations of copper price. Details of the copper future contracts outstanding at the end of the reporting period are set out in note 25.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to commodity price risk arising from the Group's outstanding copper future contracts at the end of the reporting period.

If market prices of copper had been 5% (2012: 5%) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2013 would decrease/increase by RMB1,298,000 (2012: RMB5,909,000).

Credit risk

As at 31 December 2013, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's loan receivables were due from two (2012: two) debtors. The directors of the Company consider the credit risk associated with loan receivables is under control since the directors of the Company have exercised due care in granting credit and check the financial position of the debtors on a regular basis.

7. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The credit risk on liquid funds is limited because the counterparties are banks and other financial institutions with high credit ratings assigned by international credit-rating agencies.

The Group has concentration of credit risk as 7% (2012: 12%) and 29% (2012: 31%) of the total trade receivables as at 31 December 2013 was due from the Group's largest customer and the five largest customers respectively.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 89% (2012: 88%) of the total trade receivables as at 31 December 2013.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group had not breached any of the covenants for its bank borrowings.

The Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2013, the Group has available unutilised bank loan facilities of approximately RMB1,039,000,000 (2012: RMB996,642,000). Details of bank borrowings are set out in note 28.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

7. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted cash flows on those derivatives that require net settlement. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

	Within 1 year or on demand *RMB'000*	Over 1 year *RMB'000*	Total undiscounted cash flow *RMB'000*	Carrying amount *RMB'000*
As at 31 December 2013				
Non-derivative financial liabilities				
Trade and other payables	401,386	–	401,386	401,386
Interest-bearing borrowings	799,673	20,558	820,231	794,709
	1,201,059	20,558	1,221,617	1,196,095
Derivative financial liabilities – net settlement				
Copper future contracts	2,872	–	2,872	2,872

7. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	Within 1 year or on demand *RMB'000*	Over 1 year *RMB'000*	Total undiscounted cash flow *RMB'000*	Carrying amount *RMB'000*
As at 31 December 2012				
Non-derivative financial liabilities				
Trade and other payables	342,415	–	342,415	342,415
Interest-bearing borrowings	781,877	1,804	783,681	767,075
	1,124,292	1,804	1,126,096	1,109,490
Derivative financial assets – net settlement				
Copper future contracts	3,734	–	3,734	3,734

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

7. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and

- the fair value of derivative instruments is calculated using quoted prices.

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

Fair value measurements recognised in the consolidated statement of financial position on a recurring basis

The Group's derivative financial liabilities, representing copper future contracts, of RMB2,872,000 (2012: derivative financial assets of RMB3,734,000) as at 31 December 2013 are measured subsequent to initial recognition at fair value using Level 1 fair value measurement.

Level 1 fair value measurements are those derived from quoted bid prices (unadjusted) in active market for identical assets or liabilities traded over the Shanghai Future Exchange and the London Metal Exchange.

8. REVENUE 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.

8. REVENUE AND SEGMENT INFORMATION (Continued)

Segment turnover and results (Continued)

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	83,338	4,589	34,455	10,580		132,962
Unallocated income and gains						58,669
Unallocated expenses and losses						(115,781)
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

8. REVENUE AND SEGMENT INFORMATION (Continued)

Segment turnover and results (Continued)

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

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. 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.

8. REVENUE AND SEGMENT INFORMATION (Continued)

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

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than interest in an associate (2012: allocated to investment segment), derivative financial assets, pledged deposits, and bank balances and cash as these assets are managed on a group basis; and

- all liabilities are allocated to operating segments other than derivative financial liabilities, interest-bearing borrowings, income tax payable, deferred income and deferred tax liabilities as these liabilities are managed on a group basis.

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, loan receivables and interest in an associate in aggregate 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.

8. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

The Group's trade and bills receivables (including trade receivables from a joint venture), property, plant and equipment, lease prepayments and deferred income are deployed for or generated by the Group's sales of copper products, trading of raw materials and provision of processing services segments jointly. These assets and liabilities are included in the assets and liabilities jointly shared by sales of copper products, trading of raw materials and provision of processing services segments. However, for the purpose of measuring and evaluating the performance of each of sales of copper, trading of raw materials and provision of processing services segment, the related income and expenses (with the exception of depreciation and amortisation) including impairment of trade receivables, impairment of property, plant and equipment and lease prepayments, gain and losses on disposals/written off of property, plant and equipment, and lease prepayments, and government grants were not allocated to individual segment. Should these items be included the measurement of segment profit, the aggregate segment profit for the year ended 31 December 2013 would be RMB144,233,000 (2012: RMB189,950,000).

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.

8. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information

	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 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	173,943	–	–	173,943
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)	(13)	(334)
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

8. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information (Continued)

	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

9. OTHER INCOME

	2013 **RMB'000**	2012 *RMB'000*
Government grants		
– amortisation of deferred income *(note 29)*	**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** *(note 37)*	**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.

10. 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.

11. 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 *(note 30)*	**(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.

11. INCOME TAX EXPENSES (Continued)

The tax expenses for the year can be reconciled to the consolidated profit before tax per the consolidated statement of profit or loss as follows:

	2013 RMB'000	2012 RMB'000
Profit before tax	**21,486**	57,451
Tax at the domestic income tax rate of 25% (2012: 25%)	**5,372**	14,363
Share of loss of a joint venture	**3,008**	118
Share of profits of associates	**(84)**	(949)
Tax effect of expenses not deductible for tax purpose	**1,860**	3,785
Tax effect of income not taxable for tax purpose	**(595)**	(1,047)
Tax effect of tax losses not recognised	**5,487**	5,209
Utilisation of tax losses previously not recognised	**(1,336)**	–
Effect of preferential tax rate	**(727)**	1,576
Tax effect of deductible temporary differences not recognised	**1,808**	1,302
Overprovision in respect of prior year	**(2,927)**	–
Income tax expenses	**11,866**	24,357

Details of the Group's deferred tax are set out in note 30.

12. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	2013 RMB'000	2012 RMB'000
Depreciation for property, plant and equipment	**52,597**	45,392
Amortisation of lease prepayments	**744**	710
Total depreciation and amortisation	**53,341**	46,102
Auditor's remuneration	**943**	936
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 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 *(note 25)*		
– 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)
Write-down (reversal of write-down) of inventories (included in cost of sales)	**998**	(5,548)
Cost of inventories recognised as an expense	**3,480,220**	3,087,003
Minimum lease payments under operating leases in respect of office premises	**1,295**	2,013
Directors' and chief executive's remuneration *(note 13)*	**3,801**	4,029
Salaries and other benefits	**67,133**	54,313
Retirement benefits scheme contributions	**7,712**	6,239
Share-based payments expense	**2,757**	3,018
Total staff costs	**81,403**	67,599

13. DIRECTOR'S AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the 8 (2012: 9) directors and the chief executive were as follows:

	Year ended 31 December 2013					
Name of directors	Directors' fee RMB'000	Basic salaries and allowances RMB'000	Contributions to retirement schemes RMB'000	Discretionary bonus (note) RMB'000	Share-based payments expense RMB'000	Total RMB'000
Executive directors						
Mr. Hu Changyuan	–	437	–	–	–	437
Mr. Chen Jianhua	–	599	8	–	184	791
Mr. Wang Jianli	–	470	8	370	184	1,032
Mr. Ma Wanjun	–	459	8	346	184	997
Independent non-executive directors						
Mr. Cui Ming	90	–	–	–	46	136
Mr. Xie Shuisheng	90	–	–	–	46	136
Ms. Li Li	90	–	–	–	46	136
Mr. Chai Chaoming	90	–	–	–	46	136
	360	1,965	24	716	736	3,801

13. DIRECTOR'S AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

	Year ended 31 December 2012					
Name of directors	Directors' fee *RMB'000*	Basic salaries and allowances *RMB'000*	Contributions to retirement schemes *RMB'000*	Discretionary bonus *(note)* *RMB'000*	Share-based payments expense *RMB'000*	Total *RMB'000*
Executive directors						
Mr. Hu Changyuan	–	443	–	–	–	443
Mr. Chen Jianhua	–	620	7	–	284	911
Mr. Wang Jianli	–	360	7	405	284	1,056
Mr. Ma Wanjun	–	300	7	420	284	1,011
Independent non-executive directors						
Mr. Cui Ming	72	–	–	–	71	143
Mr. Xie Shuisheng	72	–	–	–	71	143
Ms. Li Li	72	–	–	–	71	143
Mr. He Changming *(resigned on 22 June 2012)*	36	–	–	–	–	36
Mr. Chai Chaoming	72	–	–	–	71	143
	324	1,723	21	825	1,136	4,029

Note: The discretionary bonus is determined with reference to the individual performance in both years.

Mr. Chen Jianhua is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as chief executive.

14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, four (2012: four) were directors (including the chief executive) of the Company whose emoluments are included in the disclosures in note 13 above. The emoluments of the remaining one (2012: one) individual were as follows:

	2013	2012
	RMB'000	*RMB'000*
Basic salaries and allowances	**1,293**	1,275
Contributions to retirement schemes	**12**	11
Share-based payments expense	**184**	294
	1,489	1,580

Their emoluments were within the following bands:

	No. of individuals	
	2013	2012
HK$1,500,001 to HK$2,000,000 (2013: equivalent to RMB1,179,346 to RMB1,572,460 and 2012: equivalent to RMB1,220,638 to RMB1,627,516)	**1**	1

No emoluments were paid by the Group to any of the directors (including the chief executive) or the five highest paid individual as an inducement to join or upon joining the Group or as compensation for loss of office for the year ended 31 December 2013 and 2012.

No directors (including the chief executive) or the five highest paid individual waived any emolument for the year ended 31 December 2013 and 2012.

15. DIVIDENDS

	2013 RMB'000	2012 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 subsequent to the end of the reporting period (2012: final dividend of HK5 cents per share).

16. 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 RMB'000	2012 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 '000	2012 '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.

17. 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

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

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.

18. LEASE PREPAYMENTS

	2013 ***RMB'000***	2012 *RMB'000*
Analysed for reporting purposes as:		
Current assets (included in trade and other receivables)	**750**	770
Non-current assets	**29,714**	35,852
	30,464	36,622

The Group's lease prepayments as at 31 December 2013 and 2012 represented leasehold land in the PRC held under medium leases.

As at 31 December 2013, the Group's lease prepayments with a carrying value of approximately RMB28,465,000 (2012: RMB14,474,000) has been pledged to secure general banking facilities granted to the Group.

18. LEASE PREPAYMENTS (Continued)

As at 31 December 2013, the directors of the Company conducted a review of the Group's lease prepayments and determined that certain lease prepayments were impaired due to change in business plans and recorded an impairment loss of RMB5,414,000 (2012: nil) during the year ended 31 December 2013.

The recoverable amount of the lease prepayments for which impairment loss was recognised has been determined on the basis of its fair value less cost to sell.

The fair value of the subject lease prepayments were valued as at 31 December 2013 by Assets Appraisal Limited, independent valuers not related to the Group based on the market comparable approach that reflects recent transaction prices for similar properties, adjusted for differences in the nature, location and condition of the land under review. In estimating the fair value of the lease prepayments, the highest and best use of the lease prepayments is its current use.

19. INTEREST IN AN ASSOCIATE

	2013 ***RMB'000***	2012 *RMB'000*
Cost of investment in an associate, unlisted in the PRC	**6,600**	20,000
Share of post-acquisition profits and losses	**13**	1,083
	6,613	21,083

As at 31 December 2013 and 2012, the Group had interests in the following associates which are accounted for using the equity method in these consolidated financial statements:

Name of entity	Form of business structure	Place of incorporation and operation	Paid-up and registered capital	Proportion of equity interest attributable to the Group 2013	2012	Proportion of voting rights held by the Group 2013	2012	Principal activities
Ningbo Hangzhou Bay Baolong Real Estate Co., Ltd. ("Baolong")	Incorporated	The PRC	RMB20,000,000/ RMB20,000,000	33%	–	33%	–	Property development and management
Ningbo Kairui Investment Partnership ("Ningbo Kairui")	Partnership	The PRC	RMB100,000,000/ RMB100,000,000	–	20% *(note)*	–	25% *(note)*	Equity investment and portfolio management

Note: The Group is able to exercise significant influence over Ningbo Kairui as each partner is entitled to one equal weight vote at partners' meetings, regardless of their equity interest.

19. INTEREST IN AN ASSOCIATE (Continued)

Ningbo Haoyuan Investment Co., Ltd, an independent third party to the Group, is the general partner of Ningbo Kairui, whilst other investors are limited partners. The liability of the limited partners is restricted to the extent of capital contributions made by them.

On 9 May 2013, the Group disposed of its 20% equity interests in Ningbo Kairui to an independent third party at a cash consideration of approximately RMB20,600,000. Together with an investment return of RMB5,199,000, a net gain on disposal of approximately RMB4,395,000 was recorded.

Baolong was established on 17 January 2013 by the Group and two independent third parties.

The summarised financial information, prepared in accordance with IFRSs, in respect of each of the associates that is individually material to the Group is set out below:

Baolong

	2013 *RMB'000*	2012 *RMB'000*
Current assets	**10,019**	N/A
Non-current assets	**10,021**	N/A
Net assets	**20,040**	N/A
Group's share of net assets of Baolong	**6,613**	N/A

	2013 *RMB'000*	2012 *RMB'000*
Revenue	**–**	N/A
Profit and total comprehensive income for the year	**40**	N/A
Group's share of profits and total comprehensive income of Baolong for the year	**13**	N/A

19. INTEREST IN AN ASSOCIATE (Continued)

Ningbo Kairui

	2013	2012
	RMB'000	*RMB'000*
Current assets	**N/A**	7,698
Non-current assets	**N/A**	99,941
Current liabilities	**N/A**	(2,223)
Net assets	**N/A**	105,416
Group's share of net assets of Ningbo Kairui	**N/A**	21,083

	2013	2012
	RMB'000	*RMB'000*
Revenue	**1,765**	7,697
Profit and total comprehensive income for the year	**1,606**	5,416
Group's share of profits and total comprehensive income of Ningbo Kairui for the year	**321**	1,083

20. INTEREST IN A JOINT VENTURE

	2013	2012
	RMB'000	*RMB'000*
Cost of investment in a joint venture, unlisted in the PRC	**24,473**	24,473
Share of post-acquisition losses	**(24,473)**	(12,441)
	–	12,032

20. INTEREST IN A JOINT VENTURE (Continued)

As at 31 December 2013 and 2012, the Group had interest in the following joint venture that is accounted for using the equity method in these consolidated financial statements:

Name of entity	Form of business structure	Place of incorporation and operation	Paid-up/ registered capital	Proportion of equity interest and voting power attributable to the Group 2013	2012	Principal activities
Ulba	Incorporated	The PRC	USD7,200,000/ USD7,200,000	50%	50%	Manufacture of high precision beryllium copper plates and strips

The summarised financial information, prepared in accordance with IFRSs, in respect of Ulba, a material joint venture, is set out below:

	2013 *RMB'000*	2012 *RMB'000*
Current assets	**28,929**	37,920
Non-current assets	**8,275**	25,080
Total assets	**37,204**	63,000
Current liabilities	**(37,411)**	(38,937)
Net (liabilities) assets	**(207)**	24,063
Group's share of net assets of Yingtan Ulba	**–**	12,032
Included in the amounts disclosed above is:		
Cash and cash equivalent	**220**	1,540

20. INTEREST IN A JOINT VENTURE (Continued)

	2013 RMB'000	2012 RMB'000
Revenue	**58,735**	59,197
Loss and total comprehensive expense for the year	**(24,270)**	(940)
Group's share of loss and total comprehensive expense for the year	**(12,032)**	(470)
The unrecognised share of loss of a joint venture for the year	**(103)**	–
Cumulative unrecognised share of loss of a joint venture	**(103)**	–

21. AVAILABLE-FOR-SALE INVESTMENTS

	2013 RMB'000	2012 RMB'000
Unlisted equity investment funds in the PRC, at cost	**35,000**	37,870

The Group's available-for-sale investments as at 31 December 2013 amounted to RMB35,000,000 (2012: RMB35,000,000) is held by a 60% owned subsidiary.

The available-for-sale investments are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

On 26 August 2013, the Group entered into a sale and purchase agreement with an independent third party to dispose of its available-for-sale investment with carrying amount of approximately RMB2,870,000 at a cash consideration of approximately RMB3,150,000, resulting in a gain on disposal of approximately RMB280,000.

As at 31 December 2013 and 2012, the directors of the Company performed a review of the recoverable amount of the Group's available-for-sale investment with reference to latest financial information of the fund and investment reports prepared by the fund managers and concluded that no impairment loss was necessary.

22. 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.

23. TRADE AND OTHER RECEIVABLES

	2013	2012
	RMB'000	*RMB'000*
Trade and bills receivables	**306,098**	300,283
Trade receivable due from a joint venture	**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.

23. TRADE AND OTHER RECEIVABLES (Continued)

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: RMB27,086,000) 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	27,086

23. TRADE AND OTHER RECEIVABLES (Continued)

Movement in the impairment on trade receivables 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.

24. LOAN RECEIVABLES

	2013	2012
	RMB'000	*RMB'000*
Loan receivables	**60,396**	28,274

The loan receivables are secured, interest-bearing at fixed rate from 12% to 14.4% per annum, repayable in December 2014 and denominated in RMB. The Group does not hold any collateral over its loan receivables.

The loan receivables have been reviewed by the directors to assess impairment which are based on the evaluation of collectability, ageing analysis of accounts and on their judgement, including the current creditworthiness. The directors of the Company considered that no impairment is necessary.

25. DERIVATIVE FINANCIAL INSTRUMENTS

	2013	2012
	RMB'000	*RMB'000*
Derivative financial assets not under hedge accounting		
Copper future contacts	**–**	3,734
Derivative financial liabilities not under hedge accounting		
Copper future contacts	**2,872**	–

25. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

During the years ended 31 December 2013 and 2012, the Group entered into a number of non-deliverable copper future contracts to manage its commodity prices fluctuation exposures. These instruments are to be settled on net basis on the maturity dates of the instruments. The notional contract value and the related terms are summarised as follows:

	2013	2012
	RMB'000	*RMB'000*
Sales contracts		
Volume (tonne)	**3,786**	3,685
Notional contract value	**55,094**	187,860
Market value	**(57,485)**	(185,584)
Fair value	**(2,391)**	2,276
Purchase contracts		
Volume (tonne)	**(557)**	(1,680)
Notional contract value	**(28,096)**	(26,549)
Market value	**27,615**	28,007
Fair value	**(481)**	1,458
Contract maturity date	January, February and March 2014	January, February and March 2013

The market value of future contracts is based on quoted market bid/ask prices at the reporting date. The unrealised change in fair value on the outstanding future contracts was losses of RMB2,872,000 (2012: Gains of RMB3,734,000) as at 31 December 2013, and the net realised and unrealised gains, in aggregate, of RMB21,257,000 (2012: RMB10,777,000) were recognised in profit or loss.

Included in the Group's derivative financial instruments as at 31 December 2013 are derivative financial instruments denominated in USD of RMB2,792,000 (2012: RMB3,815,000) and the remaining balances are denominated in RMB.

26. PLEDGED DEPOSITS AND CASH AND CASH EQUIVALENTS

Bank balances carry interest at market rates which was 0.35% (2012: 0.35% to 0.5%) per annum. The pledged deposits carry fixed interest rate of 0.35% (2012: 0.35% to 0.5%) per annum. The pledged bank deposits will be released upon the settlement of relevant bank borrowings. Pledged bank deposits are pledged to banks to secure short-term bank borrowings granted to the Group and the issuance of commercial bills that are repayable within 1 year from the date of draw down.

The Group's pledged deposits and cash and cash equivalents 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	**112,857**	91,705
HKD	**1,651**	1,044
EURO	**–**	28,618

27. 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

27. TRADE AND OTHER PAYABLES (Continued)

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 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 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**	–

28. 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

28. INTEREST-BEARING BORROWINGS (Continued)

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.

29. DEFERRED INCOME

During the current year, the Group received a government subsidy of RMB100,000 (2012: RMB7,000,000) towards the cost of construction and improvement of its production lines and other facilities. The amount has been treated as deferred income. The amount is transferred to income over the useful lives of the relevant assets. This policy has resulted in a credit to income in the current year of RMB573,000 (2012: RMB617,000).

29. DEFERRED INCOME (Continued)

The movement for deferred income is as follows:

	2013 RMB'000	2012 RMB'000
Balance as at 1 January	**9,986**	3,603
Additions during the year	**100**	7,000
Amortisation (included in other income)	**(573)**	(617)
Balance as at 31 December	**9,513**	9,986

30. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation RMB'000	Impairment of trade receivables RMB'000	Write-down on inventories RMB'000	Change in fair value of derivative financial instruments RMB'000	Withholding tax on profits retained by the Group's PRC subsidiaries RMB'000	Total RMB'000
At 1 January 2012	17,080	–	(1,996)	997	2,096	18,177
Charge (credit) to consolidated statement of profit or loss	1,260	–	1,592	(63)	(1,077)	1,712
At 31 December 2012 and at 1 January 2013	18,340	–	(404)	934	1,019	19,889
Charge (credit) to consolidated statement of profit or loss	1,994	(1,196)	(250)	(1,498)	–	(950)
At 31 December 2013	**20,334**	**(1,196)**	**(654)**	**(564)**	**1,019**	**18,939**

30. DEFERRED TAX LIABILITIES (Continued)

As at 31 December 2013, deferred tax assets of RMB2,414,000 (2012: RMB404,000) had been presented as an offset to deferred tax liabilities on the consolidated statement of financial position.

At the end of the reporting period, the Group has unused tax losses of RMB61,235,000 (2012: RMB38,867,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. The Group's unused tax losses expire within next five years are as follows:

	2013	2012
	RMB'000	*RMB'000*
Tax loss expiring on 31 December 2014	**2,191**	2,191
Tax loss expiring on 31 December 2015	**4,185**	4,185
Tax loss expiring on 31 December 2016	**5,427**	5,427
Tax loss expiring on 31 December 2017	**25,405**	27,064
Tax loss expiring on 31 December 2018	**24,027**	–
	61,235	38,867

At the end of the reporting period, the Group has deductible temporary differences of RMB22,097,000 (2012: RMB6,823,000). A deferred tax asset has been recognised in respect of RMB9,656,000 (2012: RMB1,615,000) of such deductible temporary differences. No deferred tax asset has been recognised in respect of the remaining RMB12,441,000 (2012: RMB5,208,000) as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries amounted to RMB115,110,000 (2012: RMB56,521,000). No deferred tax liabilities have been recognised in respect of undistributed earnings of RMB94,730,000 (2012: RMB36,141,000) because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

31. SHARE CAPITAL AND RESERVE

(a) Share capital

	Number of shares '000	Share capital HK$'000
Ordinary shares of HK$0.1 each		
Authorised		
At 1 January 2012, 31 December 2012 and 31 December 2013	5,000,000	500,000

	Number of shares	Share capital	
	'000	HK$'000	RMB'000
Issued and fully paid			
At 1 January 2012, 31 December 2012 and 31 December 2013	699,502	69,950	64,881

(b) Reserves

(i) Share premium

Pursuant to an ordinary resolution passed at a directors' meeting held on 1 December 2007, 449,990,000 ordinary shares of HK$0.10 each in the Company were issued at par value on 27 December 2007 by way of capitalisation of HK$44,999,000 (equivalent to RMB42,128,000) from the share premium account upon the listing of the Company's shares on the Stock Exchange.

150,000,000 ordinary shares of HK$0.10 each in the Company were issued at HK$1.70 under the Hong Kong Public Offering and the International Placement ("the Placement") on 27 December 2007. The excess of the proceeds totaling HK$240,000,000 (equivalent to RMB224,688,000) over the nominal value of the total number of ordinary shares issued, less certain listing costs of HK$51,972,000 (equivalent to RMB48,656,000) incurred in connection with the issue of share capital, amounting to HK$188,028,000 (equivalent to RMB176,032,000), was credited to the share premium account of the Company.

31. SHARE CAPITAL AND RESERVE (Continued)

(b) Reserves (Continued)

(i) Share premium (Continued)

22,500,000 ordinary shares of HK$0.10 each in the Company were issued at HK$1.70 per share on 10 January 2008 pursuant to the over-allotment option related to the Placement. The excess of the proceeds totaling HK$36,000,000 (equivalent to RMB33,530,400) over the nominal value of the total number of ordinary shares issued, less certain listing costs of HK$4,828,600 (equivalent to RMB4,305,400) incurred in connection with the issue of share capital, amounting to HK$31,171,400 (equivalent to RMB29,225,000), was credited to the share premium of the Company.

1,600,000 shares of HK$0.10 each in the Company were issued at HK$1.19 per share as a result of the exercise of vested options during the year ended 31 December 2011. The excess of the proceeds totaling HK$1,744,000 (equivalent to RMB1,461,000) was credited to the share premium of the Company. HK$1,114,000 (equivalent to RMB924,000) has been transferred from the share-based compensation reserve to the share premium account in accordance with the accounting policy set out in note 4.

26,974,850 shares of HK$0.10 each in the Company were issued at HK$0.93 per share as a result of the exercise of warrants during the year ended 31 December 2011. The remaining proceeds of HK$22,389,126 (equivalent to RMB18,558,000) were credited to the share premium account.

The application of the share premium account is governed by the Companies Law of the Cayman Islands.

(ii) Capital reserve

Capital reserve represents the excess of the aggregate of the share capital of the subsidiaries acquired and the equity of a predecessor entity with its business transferred to the Group pursuant to a group reorganisation for the purpose of the listing of the Company's shares, amounting to RMB259,726,000, over the consideration paid by the Company of HK$1,000 (equivalent to RMB968), representing the nominal value of the shares issued by the Company in exchange thereof.

31. SHARE CAPITAL AND RESERVE (Continued)

(b) Reserves (Continued)

(iii) PRC statutory reserve

PRC statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are established in the PRC. Appropriations to the reserves were approved by the respective boards of directors.

For the entity concerned, statutory surplus reserves can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance after such conversion is not less than 25% of the registered capital.

(iv) Share-based compensation reserve

Share-based compensation reserve represents value of employee services in respect of share options granted under the Pre-IPO Option and the Share Option Scheme as set out in note 32.

32. EQUITY-SETTLED SHARE-BASED PAYMENTS

Pre-IPO Share Option Scheme

Pursuant to the shareholders' written resolution passed on 1 December 2007, the Company adopted a Pre-IPO Share Option Scheme (the "Pre-IPO Option") whereby four directors, eight senior management and 21 employees of the Group were given the rights to subscribe for up to 18,000,000 ordinary shares of the Company. The subscription price per share pursuant to the Pre-IPO Option is a 30% discount to the global offering price. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

32. EQUITY-SETTLED SHARE-BASED PAYMENTS (Continued)

Pre-IPO Share Option Scheme (Continued)

The terms and conditions of the grants are as follows:

Option type	Vesting conditions	Exercise price	Contractual life of options	Number of options
				'000
Options granted to directors	One-third on each of the first, second and third anniversary of 27 December 2007	HK$1.19	3 years	5,700
Options granted to senior management	One-third on each of the first, second and third anniversary of 27 December 2007	HK$1.19	3 years	5,340
Options granted to employees	One-third on each of the first, second and third anniversary of 27 December 2007	HK$1.19	3 years	6,960
				18,000

32. EQUITY-SETTLED SHARE-BASED PAYMENTS (Continued)

Share option scheme

The Company has also adopted a share option scheme (the "Share Option Scheme") pursuant to a shareholders' written resolution passed on 1 December 2007.

The total number of shares in respect of which options may be granted under the Pre-IPO Option and any other share option scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up upon a notional payment of HK$1 in total by grantees. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

An option under the Share Option Scheme may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the directors of the Company, which must not be more than 10 years from the date of the grant.

On 19 March 2012, a total of 41,670,000 share options were granted to certain directors and employees of the Company with an exercise price of HK$1.34 per share pursuant to the Share Option Scheme. One-third of the share options were exercisable on the first, second and third anniversary of the date of grant and all share options will expire on 30 June 2016.

32. EQUITY-SETTLED SHARE-BASED PAYMENTS (Continued)

Share option scheme (Continued)

The following table discloses details and movements of the Company's share options held by directors, senior management and employees during the year:

For the year ended 31 December 2013

Grant date	Exercise price	Exercisable period	Balance as at 1.1.2013	Granted during the year	Forfeited during the year	Lapsed during the year	Balance as at 31.12.2013
19.3.2012	HK$1.34	19.3.2013 to 30.6.2016	**40,380,000**	**–**	**(480,000)**	**(240,000)**	**39,660,000**
Exercisable at the end of the year							**13,220,000**
Weighted average exercise price			**HK$1.34**	**N/A**	**HK$1.34**	**HK$1.34**	**HK$1.34**

For the year ended 31 December 2012

Grant date	Exercise price	Exercisable period	Balance as at 1.1.2012	Granted during the year	Forfeited during the year *(note i)*	Lapsed during the year	Balance as at 31.12.2012
19.3.2012	HK$1.34	19.3.2013 to 30.6.2016	–	41,670,000	(1,290,000)	–	40,380,000
Exercisable at the end of the year							–
Weighted average exercise price			N/A	HK$1.34	HK$1.34	N/A	HK$1.34

Note:

(i) Mr. He Changming resigned as an independent non-executive director of the Company on 22 June 2012. Therefore, the relevant share options granted to him during the current year were forfeited.

32. EQUITY-SETTLED SHARE-BASED PAYMENTS (Continued)

Share option scheme (Continued)

As at 31 December 2013, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 39,660,000 (2012: 40,380,000), representing 5.67% (2012: 5.77%) of the shares of the Company in issue at that date.

The fair value of service received in return for share options granted are measured by reference to the fair value of share options. The estimate of the fair value of the share options granted is measured based on a Black-Scholes-Merton Option Pricing Model. The inputs into the model were as follows:

	Date of grant 19.3.2012
Weighted average share price	HK$1.31
Exercise price	HK$1.34
Expected volatility	55.57%-60.30%
Expected life	3-4 years
Risk-free rate	0.42%-0.55%
Expected dividend yield	9.92%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 5 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised total expense of RMB3,493,000 for the year ended 31 December 2013 (2012: RMB4,154,000) in relation to share options granted by the Company.

33. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2013 RMB'000	2012 RMB'000
Within one year	1,264	1,053
Over one year but less than five year	512	1,066
	1,776	2,119

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of 2.75 years and rentals are fixed over the lease terms.

34. CAPITAL AND OTHER COMMITMENTS

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

	2013 RMB'000	2012 RMB'000
Authorised but not contracted for in respect of acquisition of property, plant and equipment	30,285	–
Contracted but not provided for in respect of acquisition of:		
– Property, plant and equipment	230,708	268,635
– Available-for-sale investment	15,000	15,000
	275,993	283,635

35. RETIREMENT BENEFITS SCHEME

The Group operates a pension scheme under the rules and regulations of the Mandatory Provident Fund Schemes Ordinance ("MPF Scheme") for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes the lower of HK$1,000 per month before 1 June 2012 and HK$1,250 per month, commencing from 1 June 2012 and 5% of the relevant monthly payroll costs to the MPF Scheme as a mandatory contribution.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total cost charged to the consolidated statement of profit or loss of RMB7,736,000 (2012: RMB6,260,000) represents contributions payable to these schemes by the Group in respect of the current year.

36. TRANSFER OF FINANCIAL ASSETS

The following table details the Group's trade and bills receivables as at the end of the reporting period that were transferred to banks by discounting those receivables on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowing (see note 28). These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

	2013	2012
	RMB'000	*RMB'000*
Carrying amount of transferred assets	**66,000**	184,864
Carrying amount of associated liabilities	**(65,145)**	(177,996)
	855	6,868

37. RELATED PARTY DISCLOSURES

(a) Save as disclosed elsewhere in the consolidated financial statements, during the year, the Group entered into the following transactions with related parties:

Name of related party	Relationship with the Group	Nature of transactions	2013 *RMB'000*	2012 *RMB'000*
Hu Mingda and Hu Minglie	*	Interest income	**201**	377
Yingtan Ulba	Joint venture	Sales of goods	**8,262**	35,116
		Purchase of goods	**6,711**	4,905
		Acquisition of property, plant and equipment	**–**	562
		Rental income	**583**	792

The above transactions were carried on mutually agreed terms.

* Hu Mingda and Hu Minglie are the close family members of the chairman of the board of directors. On 10 April 2012, the Group, Hu Mingda and Hu Minglie entered into a partnership agreement, pursuant to which the partners agreed to form Shanghai Yuanzhan Houde Investment Partnership ("Houde") which will then invest in an unlisted PRC fund. The transaction has been classified as connected transaction under Chapter 14A of the Listing Rules. Details of the transactions are set out in the Company's announcement dated 10 April 2012.

In accordance with the partnership agreement, an interest income at 10% per annum will be charged on the respective outstanding contribution.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management who have authority and responsibility, directly or indirectly, for planning, directing and controlling the activities of the Group during the year were as follows:

	2013 *RMB'000*	2012 *RMB'000*
Short-term benefits	**3,041**	2,872
Post-employment benefits	**24**	21
Share-based payments expense	**736**	1,136
	3,801	4,029

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2013	2012
	RMB'000	*RMB'000*
Non-current asset		
Investments in unlisted subsidiaries	**407,249**	407,249
Current assets		
Amount due from subsidiaries *(note i)*	**280,048**	294,224
Cash and cash equivalents	**964**	399
	281,012	294,623
Current liabilities		
Other payables	**986**	814
Amount due to subsidiaries *(note i)*	**21,863**	22,548
	22,849	23,362
Net current assets	**258,163**	271,261
Net assets	**665,412**	678,510
Capital and Reserves		
Share capital	**64,881**	64,881
Reserves *(note ii)*	**600,531**	613,629
	665,412	678,510

Note (i): The amounts due from (to) subsidiaries are interest-free, unsecured and repayable on demand.

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note (ii):

	Share capital RMB'000	Share premium RMB'000	Translation reserve RMB'000	Share-based compensation reserve RMB'000	Contributed surplus* RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2012	64,881	227,978	(35,946)	–	407,248	11,701	675,862
Profit for the year	–	–	–	–	–	31,417	31,417
Other comprehensive income for the year	–	–	1,231	–	–	–	1,231
Total comprehensive income for the year	–	–	1,231	–	–	31,417	32,648
Dividend approved in respect of previous year	–	–	–	–	–	(34,154)	(34,154)
Equity-settled share-based payments	–	–	–	4,154	–	–	4,154
At 31 December 2012 and at 1 January 2013	64,881	227,978	(34,715)	4,154	407,248	8,964	678,510
Profit for the year	–	–	–	–	–	19,521	19,521
Other comprehensive expense for the year	–	–	(8,272)	–	–	–	(8,272)
Total comprehensive income for the year	–	–	(8,272)	–	–	19,521	11,249
Dividend approved in respect of the previous year	–	–	–	–	–	(27,840)	(27,840)
Equity-settled share-based payments	–	–	–	3,493	–	–	3,493
Share options lapsed	–	–	–	(51)	–	51	–
At 31 December 2013	64,881	227,978	(42,987)	7,596	407,248	696	665,412

* Contributed surplus represents the excess of the aggregate of the share capital of the subsidiaries acquired and the equity of a predecessor entity with its business transferred to the Group pursuant to a group reorganisation for the purpose of the listing of the Company's shares over the consideration paid by the Company in exchange thereof.

39. SUBSIDIARIES

Details of the principal subsidiaries held by the Company as at 31 December 2013 and 2012 are as follows:

Name of subsidiaries	Place and date of incorporation/ establishment and operation	Classes of shares held	Issued and fully paid registered capital	Equity interest and voting power attributable to the Company 2013	2012	Principal activities
Ningbo Xingye Shengtai Group Limited*	PRC 30 November 2001	Paid-up capital	US$69,800,000	100%	100%	Manufacture and sales of high precision copper plates and strips
Yingtan Xingye Electronic Metal Materials Co., Ltd#	PRC 13 November 2006	Paid-up capital	RMB80,000,000	100%	100%	Manufacture and sales of high precision copper plates and strips
Ningbo Xingtong Metal Materials Co., Ltd#	PRC 11 August 2008	Paid-up capital	RMB36,000,000	100%	100%	Trading of high precision copper plates and strips
Ningbo Jingyang Machinery Co., Ltd.*	PRC 2 December 2009	Paid-up capital	HK$70,000,000	100%	100%	Machinery repair and maintenance
Cixi Xingxin Investment Co., Ltd#	PRC 21 May 2010	Paid-up capital	RMB30,000,000	100%	100%	Equity investments
Ningbo Hangzhou Bay New Zone Qiangtai Metal Materials Co., Ltd*	PRC 18 March 2010	Paid-up capital	HK$5,000,000	100%	100%	Trading of high precision copper plates and strips
Ningbo Xingye Haitai Metal Materials Co., Ltd.***	PRC 2 June 2011	Paid-up capital	RMB20,000,000	–	100%	Manufacture and sales of high precision copper plates and strips
Foshan Xingqin Metal Materials Co., Ltd.***	PRC 5 May 2011	Paid-up capital	RMB2,525,623	–	75%	Manufacture and sales of high precision copper plates and strips
Yingtan Ruiju Investment Co., Ltd#	PRC 24 February 2013	Paid-up capital	RMB15,000,000	100%	100%	Property holding
Shanghai Yuanzhan Houde Investment Partnership ("Houde")**	PRC 10 April 2013	Paid-up capital	RMB44,880,000	60%	68%	Investments holding

* *Registered as wholly-foreign-owned enterprise under the laws of the PRC*

\# *Registered as domestic enterprises under the laws of the PRC*

** *Registered as a partnership under the laws of the PRC*

*** *Deregistered during the current year*

39. SUBSIDIARIES (Continued)

The above table lists the subsidiaries of the Group which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of both years.

At the end of the reporting period, the Group has other subsidiaries that are not material to the Group all of which operate in the PRC. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Number of subsidiaries 2013	2012
Manufacture and sales of copper plates and strips	**13**	12

(a) Details of non-wholly owned subsidiary that have material non-controlling interests

The table below shows details of a non-wholly-owned subsidiary of the Group that have material non-controlling interests:

Name of subsidiaries	Place and date of incorporation and principal place of business	Proportion of ownership interests held by non-controlling interests 2013	2012	Proportion of voting rights held by non-controlling interests 2013 (note)	2012 (note)	(Loss) profit allocated to non-controlling interests 2013 RMB'000	2012 RMB'000	Accumulated non-controlling interests 2013 RMB'000	2012 RMB'000
Houde	Unincorporated, the PRC	**40%**	32%	**40%**	32%	**(17)**	20	**14,283**	14,300
Individually immaterial subsidiaries with non-controlling interests								**5,284**	4,103
								19,567	18,403

Note:

As at 31 December 2012, the non-controlling interests of Houde had not yet fully paid up their capital contributions and therefore their voting rights and ownership interests were determined based on the actual capital contribution. During the year ended 31 December 2013, following the adjustment to the capital structure of Houde, the ownership interests and voting rights held by the non-controlling interests became 40%. Such change in capital structure did not result in any material gain or loss to the Group.

39. SUBSIDIARIES (Continued)

(a) Details of non-wholly owned subsidiary that have material non-controlling interests (Continued)

Summarised financial information in respect of Houde is set out below. The summarised financial information below represents amounts before intra-group eliminations.

	2013 RMB'000	2012 RMB'000
Current assets	**1,436**	10,005
Non-current assets	**35,000**	35,000
Total assets	**36,436**	45,005
Current liabilities	**(726)**	(61)
Net assets	**35,710**	44,944
Equity attributable to owners of the Company	**21,427**	30,644
Non-controlling interests	**14,283**	14,300
Total equity	**35,710**	44,944
Revenue	**612**	850
Expenses	**666**	786
(Loss) profit and total comprehensive (expense) income for the year	**(54)**	64
(Loss) profit and total comprehensive (expense) income:		
Attributable to owners of the Company	**(37)**	44
Attributable to the non-controlling interests	**(17)**	20
(Loss) profit and total comprehensive (expense) income for the year	**(54)**	64
Net cash inflow (outflow) from operating activities	**232**	(121)
Net cash inflow (outflow) from investing activities	**9,803**	(44,179)
Net cash (outflow) inflow from financing activities	**(10,300)**	44,880
Net cash (outflow) inflow	**(265)**	580

40. EVENTS AFTER THE REPORTING PERIOD

In accordance with the Company's announcement dated 6 January 2014, the Group had entered into a sale and purchase agreement with an independent third party to acquire certain production equipment at an aggregate consideration of HK$38,519,000 (equivalent to approximately RMB30,285,000).

Five Years Financial Summary

RESULTS

	2013	2012	2011	2010	2009
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Turnover	**3,603,600**	3,229,126	3,508,781	2,894,048	1,795,184
Gross profit	**122,382**	147,671	180,614	226,608	186,937
Profit attributable to equity shareholders of the Company	**8,998**	32,411	89,671	98,690	152,355

EARNINGS PER SHARE

	2013	2012	2011	2010	2009
Basic earnings per share[1] *(RMB)*	**0.01**	0.05	0.13	0.15	0.24
Diluted earnings per share[1] *(RMB)*	**0.01**	0.05	0.13	0.14	0.24

ASSETS, LIABILITIES AND EQUITY

	2013	2012	2011	2010	2009
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	**877,265**	750,249	615,629	601,836	535,954
Current assets	**1,092,511**	1,150,905	1,419,111	1,384,418	838,516
Total assets	**1,969,776**	1,901,154	2,034,740	1,986,254	1,374,470
Non-current liabilities	**47,392**	31,295	21,780	23,362	18,240
Current liabilities	**1,239,470**	1,171,414	1,330,505	1,323,222	762,971
Total liabilities	**1,286,862**	1,202,709	1,352,285	1,346,584	781,211
Net current (liabilities)/assets	**(146,959)**	(20,509)	88,606	61,196	75,545
Total assets less current liabilities	**730,306**	729,740	704,235	663,032	611,499
Total equity attributable to equity shareholders of the Company	**663,347**	680,042	679,015	637,283	593,259
Minority interests	**19,567**	18,403	3,440	2,387	–

Five Years Financial Summary

FINANCIAL RATIOS AND OTHER FINANCIAL INFORMATION

	2013	2012	2011	2010	2009
EBITDA (RMB'000)	**117,172**	154,902	230,665	203,108	234,113
Profitability ratios:					
Gross profit margin(2) (%)	**3.4%**	4.6%	5.1%	7.8%	10.4%
Operating profit margin(3) (%)	**1.8%**	3.3%	5.1%	5.6%	11.0%
Net profit margin(4) (%)	**0.3%**	1.0%	2.6%	3.4%	8.5%
EBITDA margin(5) (%)	**3.3%**	4.7%	6.4%	7.3%	13.0%
Rate of return on equity(6) (%)	**1.4%**	4.8%	13.2%	15.5%	25.7%
Liquidity ratios:					
Current ratio(7) (times)	**0.9**	1.0	1.1	1.0	1.1
Quick ratio(8) (times)	**0.5**	0.6	0.7	0.6	0.6
Inventory turnover(9) (days)	**35**	43	48	45	41
Trade receivable turnover(10) (days)	**32**	38	34	29	28
Trade payable turnover(11) (days)	**36**	44	33	18	15
Capital adequacy ratios:					
Gearing ratio(12) (%)	**40.3%**	40.3%	41.5%	50.4%	45.0%
Net gearing ratio(13) (%)	**95.7%**	82.6%	84.1%	120.3%	68.8%
Interest coverage ratio(14) (times)	**2.4**	3.1	4.4	5.4	9.7

Notes:

(1) The basis earnings per share and diluted earnings per share is equal to the profit attributable to equity shareholders of the Company divided by the weighted average number of ordinary share in issue during the year and weighted average number of ordinary share (diluted), respectively.

(2) Gross profit margin is equal to gross profit divided by turnover times 100%.

(3) Operating profit margin is equal to operating profit divided by turnover times 100%.

(4) Net profit margin is equal to profit attributable to equity shareholders of the Company divided by turnover times 100%.

(5) EBITDA margin is equal to EBITDA divided by turnover times 100%.

(6) Rate of return on equity is equal to profit attributable to equity shareholders of the Company divided by total equity attributable to equity shareholders of the Company times 100%.

(7) Current ratio is equal to current assets divided by current liabilities.

(8) Quick ratio is equal to current assets net of inventories divided by current liabilities.

(9) Inventory turnover is equal to the average of the beginning and ending inventory volume for the year divided by the sales volume times 365 days.

(10) Trade receivable turnover is equal to the average of the beginning and ending trade and bills receivables for the year divided by turnover times 365 days.

(11) Trade payable turnover is equal to the average of the beginning and ending trade and bills payables for the year divided by cost of sales times 365 days.

(12) Gearing ratio is equal to total borrowings divided by total assets times 100%.

(13) Net gearing ratio is equal to total borrowings net of cash and cash equivalents and pledged deposits divided by total equity attributable to equity shareholders of the Company times 100%.

(14) Interest coverage ratio is equal to EBITDA divided by interest expenses.