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

2014
ANNUAL REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. HU Changyuan *(Chairman)*
Mr. HU Minglie *(Chief Executive Officer)*
(Appointed on 17 November 2014)
Mr. WANG Jianli
Mr. MA Wanjun
Mr. CHEN Jianhua

Independent Non-Executive Directors

Mr. MAO Xuechang *(Appointed on 26 May 2014)*
Mr. CHAI Chaoming
Mr. DAI Jianchun *(Appointed on 19 January 2015)*
Mr. XIE Shuisheng *(Resigned on 24 April 2014)*
Ms. LI Li *(Resigned on 14 January 2015)*
Mr. CUI Ming *(Resigned on 19 January 2015)*

Audit Committee

Mr. CHAI Chaoming *(Chairman)*
(Appointed as the Chairman w.e.f. 14 January 2015)
Mr. MAO Xuechang *(Appointed on 26 May 2014)*
Mr. DAI Jianchun *(Appointed on 19 January 2015)*
Mr. XIE Shuisheng *(Resigned on 24 April 2014)*
Ms. LI Li *(Chairman) (Resigned on 14 January 2015)*
Mr. CUI Ming *(Resigned on 19 January 2015)*

Remuneration Committee

Mr. DAI Jianchun *(Chairman)*
(Appointed on 19 January 2015)
Mr. MAO Xuechang *(Appointed on 26 May 2014)*
Mr. WANG Jianli
Ms. LI Li *(Resigned on 14 January 2015)*
Mr. CUI Ming *(Chairman)*
(Resigned on 19 January 2015)

Nomination Committee

Mr. CHAI Chaoming
Mr. MAO Xuechang *(Appointed on 26 May 2014)*
Mr. DAI Jianchun *(Appointed on 19 January 2015)*
Mr. MA Wanjun
Mr. XIE Shuisheng *(Resigned on 24 April 2014)*
Mr. CUI Ming *(Resigned on 19 January 2015)*

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

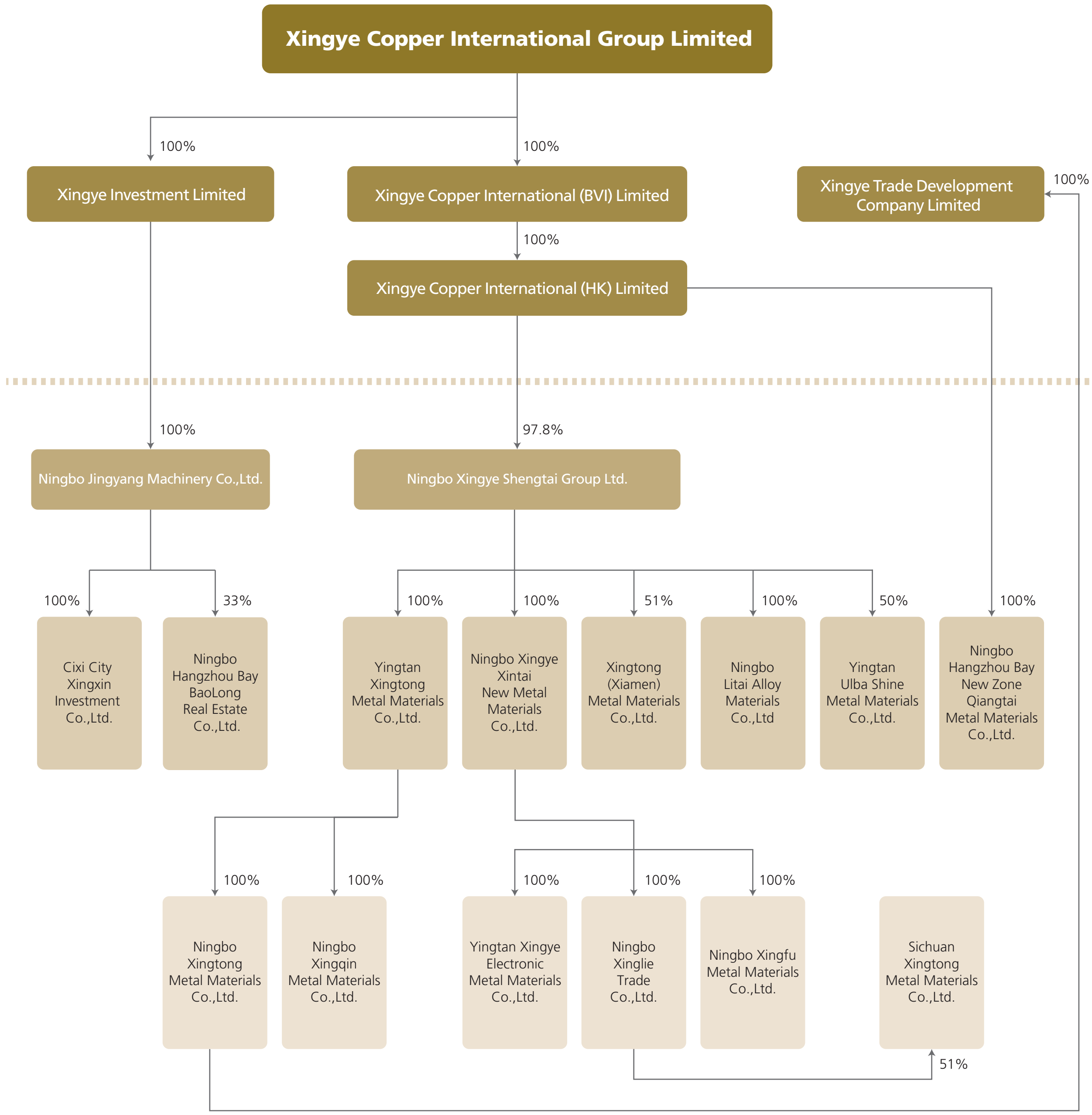
Agricultural Bank of China
China Construction Bank
Bank of China

COMPANY WEBSITE

www.xingyecopper.com

STOCK CODE

505


Xingye Copper International Group Limited
100%
100%
Xingye Investment Limited
Xingye Copper International (BVI) Limited
Xingye Trade Development Company Limited
100%
100%
Xingye Copper International (HK) Limited
100%
97.8%
Ningbo Jingyang Machinery Co.,Ltd.
Ningbo Xingye Shengtai Group Ltd.
100%
33%
100%
100%
51%
100%
50%
100%
Cixi City Xingxin Investment Co.,Ltd.
Ningbo Hangzhou Bay BaoLong Real Estate Co.,Ltd.
Yingtan Xingtong Metal Materials Co.,Ltd.
Ningbo Xingye Xintai New Metal Materials Co.,Ltd.
Xingtong (Xiamen) Metal Materials Co.,Ltd.
Ningbo Litai Alloy Materials Co.,Ltd
Yingtan Ulba Shine Metal Materials Co.,Ltd.
Ningbo Hangzhou Bay New Zone Qiangtai Metal Materials Co.,Ltd.
100%
100%
100%
100%
100%
Ningbo Xingtong Metal Materials Co.,Ltd.
Ningbo Xingqin Metal Materials Co.,Ltd.
Yingtan Xingye Electronic Metal Materials Co.,Ltd.
Ningbo Xinglie Trade Co.,Ltd.
Ningbo Xingfu Metal Materials Co.,Ltd.
Sichuan Xingtong Metal Materials Co.,Ltd.
51%

Chairman's Statement

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 2014.

In 2014, the world economy experienced a mixture of distinctive events and was a unique situation of its kind. On one hand, the combination of Europe's continuous and deeper economic downturn and a moderate recovery of the world's largest North American economy created some unexpected balancing effects to the world economy. On the other hand, the taking-off of the new energy industry and high technology sector partly offset the effect of the slowing down in the overall demand in the international scene. In China, it continued to experience a moderate growth driven by constructive domestic demand.

In 2014, the overcapacity in copper production facilities in China's domestic market still existed, and it created significant challenges to our team. The Company launched several strategic programs to cope with these challenges. Major improvements include the establishment of long term strategic relationship with target customers, and building corporate culture that promotes integrity, unity and diligence. The Company as the leader in the industry, achieved another double digit growth in the volume of production. The Company continued to be one of the largest manufacturers of precision copper plates and strips and supplier of processing services in the PRC in terms of production and sales volume in 2014.

The new CEO was on board in the last part of the year and he provided a clear guidance to the team, leading them with more focused business attitude to the continuous creation of value to our customers, our staff members and our shareholders. Our team's determination to take on new challenges had led to a significant improvement in the profit attributable to shareholders of the group and it reached RMB18.8 million with a turnover of RMB3,371.0 million.

PROSPECT

2015 will be a year of innovations. In order to strengthen the Group's leadership role in the Chinese copper processing industry, we will launch the "Three Innovations" program. The innovation in products will aim at the development of a set of advanced products that target the medium to high end customer segments who currently are the supporters of imported products. The innovation in management will put emphasis on the reliance of systematic data through the launch of the MES system and improvement of the ERP system. And the innovation in corporate culture will allow the team members to take pride in the job, leading to a more stable and loyal workforce.

Chairman's Statement

The recent drop in copper price at the beginning of 2015 sent mixed signals to the outlook of the market. While the turbulence in the European market may continue and that may further worsen the demand, and hence pushing down further the copper price, the perceived crisis may also open a growth opportunity for our company. Several copper product sectors of the domestic market will continue to grow and we will continue to explore the segments that will form a niche for our manufacturing processes. The differentiation of our product lines will be our plan for 2015. We believe that with the probable technological breakthrough in certain products, the expected completion of several of the new production lines and the improved business relationship established with valuable long term customers, we could leverage on the unstable external environment and take this chance to harvest from the valuable experience we have accumulated in the past.

APPRECIATION

On behalf of the Board of Directors, I would like to express my sincere gratitude and blessing to our team members working diligently in every position, and to the shareholders and all sectors of the community for their care towards the operations of the Company.

Hu Changyuan
Chairman

27 March 2015

Management Discussion and Analysis

MARKET REVIEW

The copper price in the international market fluctuated considerably in the first and second quarters of 2014, followed by a downward trend in the second half of the year, and finally hit bottom by the year-end. Due to the market's pessimism over the economic outlook of China, the copper price in China had followed its counterpart in the international market to fall gradually, and ended the year at the lowest point.

INDUSTRY REVIEW

The slowdown in China's economic growth was evident in 2014. The market has already accepted the fact that the cooling economic growth has become a "new normal" in the future development. Despite the weakening manufacturing sector and the escalating downside risk in the economy, the copper processing industry in China has maintained an overall stable development in 2014. The operating performance and several remarkable features in the industry during the year are summarized as: (1) the production and sales volume of copper processing products in China has hit all-time high again in 2014, while moderated growth rates were recorded; (2) the external trade volume of Chinese copper processing products contracted further in 2014 due to sluggish external demand; (3) capacity utilization rate remained low for some copper processing products, inflicting downward pressure on product prices.

DEVELOPMENT PLAN

R&D and innovations

The Company has been devoted to the R&D of high-tech products in the recent years. In the last quarter of the year, the Group's major subsidiary was chosen as a National High-tech Enterprise by the government of the People's Republic of China ("China"), affirming the Group's effort in R&D and innovations. In 2014, the Group's XYK-6 high performance low tin phosphor bronze alloy strip（XYK-6高性能低錫強化磷青銅合金帶材）was awarded the First Class Prize in "Ningbo City Key Industry New Products", the tin brass HSn88-1（錫黃銅HSn88-1）was accredited by the Ningbo Science and Technology Bureau as a New Product, and the tin brass HSn88-1& copper-silver (Cu-Ag) alloy（錫黃銅HSn88-1&銅銀合金）was authenticated by the China Nonferrous Metals Industry Association（中國有色金屬工業協會）as a technological achievement. Furthermore, the Group has also attained outstanding results in its patent development. Four utility model patents were granted: "Strips sampling machine for a metal type"（一種金屬帶材取樣機）, "Metal strip straightening system"（金屬帶材矯直系統）, "Copper coil bracket"（銅帶卷支架）, and the "New rolling mill oil scraping mechanism"（新型輥軋機刮油機構）. The "High Performance Cu-Ni-Si-based copper alloy and its preparation and processing method"（高性能Cu-Ni-Si系銅合金及其制備和加工方法）was granted the invention patent; in addition, several patent applications are being filed, including "A kind of elastic tin brass alloy material and its preparation and processing method"（一種彈性錫黃銅合金材料及其制備加工方法）and "Motor commutator copper-silver alloy material and its preparation method"（電機整流子用銅銀合金材料及其制備方法）.

Information-based management

To strengthen the Company's capabilities in operation management, a world-class information-based management system was introduced during the year. This system will significantly boost the Company's abilities in collecting data from and applying data to production and operation procedures. When the system is fully implemented, it will lift the Company's management standards and efficiency in the fields of product quality control, energy management, equipment management and logistics etc.

FINANCIAL REVIEW

Revenue and gross profit

For the year ended 31 December 2014, the Group recorded a total sales revenue of RMB3,371.0 million, of which revenue from sales of precision copper plates and strips, processing services and revenue of trading of raw materials amounted to RMB2,662.5 million, RMB151.4 million and RMB557.0 million respectively, decreased by 6.5% from RMB3,603.6 million of the corresponding period last year. The decrease in sales revenue was mainly due to the decrease in the sales of trading of raw materials. Sales of raw materials decreased by RMB399.4 million compared to the previous year due to less volatilities of copper price and the Group had conducted less trading business and recorded less arbitrage profits.

The revenue of precision copper plates and strips increased by RMB151.5 million compared with corresponding period of last year. The increase of sales of precision copper plates and strips was due to the increase in production capacity and additions of a number of new production machines during the year.

During the period under review, the gross profit of sales of precision copper plates and strips was RMB160.4 million, which increased by 6.5% from RMB150.6 million of the corresponding period last year, and the increase is mainly due to the increase of sales volume. The gross profit margin from sales of copper products has maintained 6.0% in both year. The Group continuously offer competitive prices to customers to maintain its market shares.

During the period under review, the gross profit from revenue of processing services was RMB97.6 million, which increased by 56.7% from the previous year. The gross profit margin of processing services increased from 45.7% in 2013 to 64.5% in 2014 as the Group was more focused on processing works for red copper strips and silver copper strips which involved higher technology and had a higher margin (which was 60%) than that of other products.

Other income

For the year ended 31 December 2014, the Group recorded other income of RMB21.3 million, which decreased by RMB14.6 million as compared to the corresponding period of 2013, which was mainly attributable to the decrease of government grants.

Other gains and losses, net

For the year ended 31 December 2014, the net other loss of the Group was RMB21.0 million, which decreased by RMB39.5 million from the net other gains of RMB18.5 million in 2013. This was mainly attributable to the loss recorded on written-off and impairment loss of property, plant and equipment.

Distribution expenses

For the year ended 31 December 2014, the distribution expenses of the Group increased by RMB2.2 million from RMB24.0 million of the corresponding period of 2013 to RMB26.2 million, which was mainly attributable to the increase of freight expenses due to the increase of sales volume.

Administrative expenses

For the year ended 31 December 2014, the administrative expenses of the Group amounted to RMB169.8 million, which was comparable to RMB172.4 million of the corresponding period of 2013.

Share of result of a joint venture

For the year ended 31 December 2014, the Group did not record any share of result from Yingtan Ulba Shine Metal Group Ltd.（鷹潭烏爾巴興業集團有限公司）("Ulba") as the Group's interest in Ulba had been fully written down to zero as at 31 December 2013. In March 2015, the venturers of Ulba decided to wind up Ulba with no material residual assets expected for distribution to the venturers.

Finance costs

For the year ended 31 December 2014, the Group's finance costs increased to RMB45.0 million from RMB42.3 million of 2013, which was mainly due to the increase of average outstanding borrowings.

Income tax

For the year ended 31 December 2014, the Group's income tax expenses decreased by RMB2.7 million to RMB9.2 million from RMB11.9 million of the corresponding period of 2013, while the effective tax rate decreased to 32.0% from 55.2% of the corresponding period of last year. Such decrease was mainly due to the granting of preferential tax rate to 盛泰, the principal operating subsidiary of the Group.

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 increased by RMB9.8 million or 108.4% to RMB18.8 million as compared to that of the same period last year. While the return on equity attributable to the shareholders of the Company increased to 2.8% from 1.4% of the last year.

Liquidity and Financial Resources

As at 31 December 2014, the Group recorded net current liabilities of RMB68.6 million, representing a reduction of RMB78.3 million from 31 December 2013 which was primarily due to operating cash inflows from the Group's operations. In addition, the Group was able to obtain additional long-term financing of RMB265.8 million to finance the capital expenditure of RMB435.2 million made during the year so as to reduce the reliance on short-term bank borrowings for capital expenditures. Capital expenditures were 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 74.7% as of 31 December 2014. As at the date of this announcement, the Group had not experienced any difficulty in raising funds by securing and rolling over the short-term loans borrowed from various banks in the PRC, which were renewed on an annual basis in accordance with local market practice.

Despite the net current liability position as of 31 December 2014, the Group is able to generate cash from operating activities, has good credit standing and relationships with principal lending banks, and possesses available undrawn banking facilities together with bank deposits of RMB202 million (including 5 years long term loan facilities amounted to RMB165 million effective until 6 April 2017) and RMB345.4 million (comprised of pledged deposits of RMB222.3 million and cash and cash equivalents of RMB123.1 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 2015, the Group will gradually utilize the long-term loans facilities in order to optimize the capital structure.

As at 31 December 2014, the Group had outstanding bank loans and other borrowings of approximately RMB840.8 million which shall be repaid within 1 year. As at 31 December 2014, 89.9% of the Group's debts were on secured basis.

The gearing ratio as at 31 December 2014 was 45.5% (31 December 2013: 40.3%), which is calculated by dividing the total borrowings by the total assets.

Charge on assets

As at 31 December 2014, the Group pledged assets with an aggregate carrying value of RMB975.3 million (31 December 2013: RMB817.4 million) to secure banking facilities.

Capital expenditure

For the year ended 31 December 2014, the Group had invested RMB435.2 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 2014, the future capital expenditures, for which the Group had contracted but not provided for, amounted to approximately RMB39.7 million.

Contingent liabilities

As at 31 December 2014, the Group did not have any significant contingent liabilities.

Management Discussion and Analysis

MARKET RISK

The Group was exposed to various types of market risks, including fluctuation in copper prices and other commodities' prices and changes in interest rates and foreign exchange rates. Please refer to note 7(b) to the financial statements of the Company's 2014 Annual Report for details.

EMPLOYEES

As at 31 December 2014, the Group had 1248 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 performances. 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 skills required to perform their functions and the existing employees can upgrade or improve their 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 2014, 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 2014.

BOARD

Board composition

The Board has five executive Directors, namely, Mr. Hu Changyuan (Chairman), Mr. Hu Minglie (Chief Executive Officer), Mr. Wang Jianli, Mr. Ma Wanjun and Mr. Chen Jianhua, and five independent non-executive Directors, namely, Mr. Mao Xuechang (Appointed on 26 May 2014), Mr. Chai Chaoming, Mr. Xie Shuisheng (Resigned on 24 April 2014), Ms. Li Li (Chairman) (Resigned on 14 January 2015) and Mr. Cui Ming (Resigned on 19 January 2015). The size and composition of the Board are reviewed regularly to ensure that they are 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 five 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.

Corporate Governance Report

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 2014, 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. Hu Minglie *(Chief Executive Officer)* *(Appointed on 17 November 2014)*	0	0
Mr. Wang Jianli	6	6
Mr. Ma Wanjun	6	6
Mr. Chen Jianhua	6	6
Independent Non-executive Directors		
Mr. Mao Xuechang *(Appointed on 26 May 2014)*	2	2
Mr. Chai Chaoming	6	6
Mr. Xie Shuisheng *(Resigned on 24 April 2014)*	3	3
Ms. Li Li *(Resigned on 14 January 2015)*	6	6
Mr. Cui Ming *(Resigned on 19 January 2015)*	6	5

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 2014.

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 had entered into a service contract with the Company with effect from their respective date of appointment 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.

Each of the Independent non-executive Directors of the Company had entered into an appointment letter with the Company with effect from their respective date of appointment until terminated by either the Company or the Independent non-executive Director by giving not less than two months 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. Hu Minglie, respectively.

The Board comprises five 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 a 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 are published on the Company's website and the Exchange's website. During the year under report, the Audit Committee comprises five independent non-executive Directors, namely Mr. Mao Xuechang (Appointed on 26 May 2014), Mr. Chai Chaoming, Mr. Xie Shuisheng (Resigned on 24 April 2014), Ms. Li Li (Chairman) (Resigned on 14 January 2015) and Mr. Cui Ming (Resigned on 19 January 2015). The Audit Committee meets formally at least twice a year.

Two Audit Committee meetings were held during the year ended 31 December 2014. At the meetings, the members of the Audit Committee executed the major duties and responsibilities which are provided 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) (Resigned on 14 January 2015)*	2	2
Mr. Mao Xuechang *(Appointed on 26 May 2014)*	1	1
Mr. Cui Ming *(Resigned on 19 January 2015)*	2	2
Mr. Xie Shuisheng *(Resigned on 24 April 2014)*	1	1
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 Audit 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 are published on the Company's website and the Exchange's website. During the year under report, the Remuneration Committee comprises three independent non-executive Directors and one executive Director, namely Mr. Mao Xuechang (Appointed on 26 May 2014), Mr. Cui Ming (Chairman) (Resigned on 19 January 2014), Ms. Li Li (Resigned on 14 January 2015) 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 a similar position. The Remuneration Committee meets formally at least twice a year.

Two Remuneration Committee meetings were held during the year ended 31 December 2014. 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) (Resigned on 19 January 2015)*	2	2
Mr. Mao Xuechang *(Appointed on 26 May 2014)*	1	1
Ms. Li Li *(Resigned on 14 January 2015)*	2	2
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 are published on the Company's website and the Exchange's website. During the year under report, the Nomination Committee comprises four independent non-executive Directors and one executive Director, namely Mr. Xie Shuisheng (Chairman) (Resigned on 24 April 2014), Mr. Mao Xuechang (Appointed on 26 May 2014), Mr. Cui Ming (Resigned on 19 January 2015), Mr. Chai Chaoming and Mr. Ma Wanjun. The Nomination Committee meets formally at least once a year.

Three Nomination Committee meetings were held during the year ended 31 December 2014. At the meetings, the members of the Nomination Committee executed the major duties and responsibilities which are provided below. 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) (Resigned on 24 April 2014)*	1	1
Mr. Mao Xuechang *(Appointed on 26 May 2014)*	1	1
Mr. Cui Ming *(Resigned on 19 January 2015)*	3	3
Mr. Chai Chaoming	3	3
Mr. Ma Wanjun	3	3

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 2014, 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 auditors 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 the 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 2014 amounted to approximately RMB975,000 and RMB135,000 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 reviewed the effectiveness of the internal control system, and considered the internal control system to be 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 achieve and maintain 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

The biographical details of Mr. Chan Chung Kik, Lewis are set out under the section headed "Biographical Details of Directors and Company Secretary".

According to the 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 2014.

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 reports, interim reports, 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 provide 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 and 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 2014 annual general meeting ("AGM") held on 23 May 2014 is tabulated below:

	AGM held being a Director	AGM attended
Executive Directors		
Mr. Hu Changyuan *(Chairman)*	1	1
Mr. Hu Minglie *(Chief Executive Officer)*	0	0
Mr. Wang Jianli	1	1
Mr. Ma Wanjun	1	1
Mr. Chen Jianhua	1	1
Independent Non-executive Directors		
Mr. Mao Xuechang *(Appointed on 26 May 2014)*	0	0
Mr. Chai Chaoming	1	1
Mr. Xie Shuisheng *(Resigned on 24 April 2014)*	0	0
Ms. Li Li *(Resigned on 14 January 2015)*	1	1
Mr. Cui Ming *(Resigned on 19 January 2015)*	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 an 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 2014.

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 2014 are set out in the accompanying financial statements on page 42.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2014.

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 26 May 2015 to 28 May 2015, 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 22 May 2015.

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 143 to page 144.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 40 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 2014 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 2014, the aggregate sales attributable to the five largest customers and the largest customer of the Group accounted for approximately 21.7% and 7.3% 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 43% and 12.8% 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 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. 1 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 2014	Cancelled during the year	Granted during the year	Lapsed during the year	Outstanding as at 31 December 2014	Approximate percentage of issued share capital of the Company *(Note 1)*
Directors									
Hu Changyuan	1-4-2014	1-4-2014 to 31-3-2015	0.65	–	–	500,000	–	500,000	0.07%
				–	–	500,000	–	500,000	0.07%
Chen Jianhua	19-3-2012	19-3-2013 to 30-6-2016	1.34	800,000	(800,000)	–	–	–	–
	19-3-2012	19-3-2014 to 30-6-2016	1.34	800,000	(800,000)	–	–	–	–
	19-3-2012	19-3-2015 to 30-6-2016	1.34	800,000	(800,000)	–	–	–	–
	1-4-2014	1-4-2014 to 31-3-2015	0.65	–	–	2,000,000	–	2,000,000	0.29%
				2,400,000	(2,400,000)	2,000,000	–	2,000,000	0.29%

Name or type of grantee	Date of grant	Exercisable period	Exercise price HK$	Number of share options: Outstanding as at 1 January 2014	Cancelled during the year	Granted during the year	Lapsed during the year	Outstanding as at 31 December 2014	Approximate percentage of issued share capital of the Company *(Note 1)*
Wang Jianli	19-3-2012	19-3-2013 to 30-6-2016	1.34	800,000	(800,000)	–	–	–	–
	19-3-2012	19-3-2014 to 30-6-2016	1.34	800,000	(800,000)	–	–	–	–
	19-3-2012	19-3-2015 to 30-6-2016	1.34	800,000	(800,000)	–	–	–	–
	1-4-2014	1-4-2014 to 31-3-2015	0.65	–	–	4,500,000	–	4,500,000	0.64%
				2,400,000	(2,400,000)	4,500,000	–	4,500,000	0.64%
Ma Wanjun	19-3-2012	19-3-2013 to 30-6-2016	1.34	800,000	(800,000)	–	–	–	–
	19-3-2012	19-3-2014 to 30-6-2016	1.34	800,000	(800,000)	–	–	–	–
	19-3-2012	19-3-2015 to 30-6-2016	1.34	800,000	(800,000)	–	–	–	–
	1-4-2014	1-4-2014 to 31-3-2015	0.65	–	–	3,500,000	–	3,500,000	0.50%
				2,400,000	(2,400,000)	3,500,000	–	3,500,000	0.50%
Mao Xuechang	26-5-2014	26-5-2014 to 31-3-2015	0.53	–	–	500,000	–	500,000	0.07%
				–	–	500,000	–	500,000	0.07%
Cui Ming	19-3-2012	19-3-2013 to 30-6-2016	1.34	200,000	(200,000)	–	–	–	–
	19-3-2012	19-3-2014 to 30-6-2016	1.34	200,000	(200,000)	–	–	–	–
	19-3-2012	19-3-2015 to 30-6-2016	1.34	200,000	(200,000)	–	–	–	–
	1-4-2014	1-4-2014 to 31-3-2015	0.65	–	–	99,000	–	99,000	0.01%
				600,000	(600,000)	99,000	–	99,000	0.01%
Xie Shuisheng *(Note 3)*	19-3-2012	19-3-2013 to 30-6-2016	1.34	200,000	(200,000)	–	–	–	–
	19-3-2012	19-3-2014 to 30-6-2016	1.34	200,000	(200,000)	–	–	–	–
	19-3-2012	19-3-2015 to 30-6-2016	1.34	200,000	(200,000)	–	–	–	–
	1-4-2014	1-4-2014 to 31-3-2015	0.65	–	–	99,000	(99,000)	–	–
				600,000	(600,000)	99,000	(99,000)	–	–

Name or type of grantee	Date of grant	Exercisable period	Exercise price HK$	Number of share options: Outstanding as at 1 January 2014	Cancelled during the year	Granted during the year	Lapsed during the year	Outstanding as at 31 December 2014	Approximate percentage of issued share capital of the Company *(Note 1)*
Chai Chaoming	19-3-2012	19-3-2013 to 30-6-2016	1.34	200,000	(200,000)	–	–	–	–
	19-3-2012	19-3-2014 to 30-6-2016	1.34	200,000	(200,000)	–	–	–	–
	19-3-2012	19-3-2015 to 30-6-2016	1.34	200,000	(200,000)	–	–	–	–
	1-4-2014	1-4-2014 to 31-3-2015	0.65	–	–	99,000	–	99,000	0.01%
				600,000	(600,000)	99,000	–	99,000	0.01%
Li Li	19-3-2012	19-3-2013 to 30-6-2016	1.34	200,000	(200,000)	–	–	–	–
	19-3-2012	19-3-2014 to 30-6-2016	1.34	200,000	(200,000)	–	–	–	–
	19-3-2012	19-3-2015 to 30-6-2016	1.34	200,000	(200,000)	–	–	–	–
	1-4-2014	1-4-2014 to 31-3-2015	0.65	–	–	99,000	–	99,000	0.01%
				600,000	(600,000)	99,000	–	99,000	0.01%
Employees	19-3-2012	19-3-2013 to 30-6-2016	1.34	10,020,000	(10,020,000)	–	–	–	–
	19-3-2012	19-3-2014 to 30-6-2016	1.34	10,020,000	(10,020,000)	–	–	–	–
	19-3-2012	19-3-2015 to 30-6-2016	1.34	10,020,000	(10,020,000)	–	–	–	–
	1-4-2014	1-4-2014 to 31-3-2015	0.65	–	–	1,000,000	–	1,000,000	0.14%
	26-5-2014	26-5-2014 to 31-3-2015	0.53	–	–	1,600,000	–	1,600,000	0.23%
				30,060,000	(30,060,000)	2,600,000	–	2,600,000	0.37%
				39,660,000	(39,660,000)	13,996,000	(99,000)	13,897,000	1.97%

Notes:

1. The percentages are calculated based on the total issued Shares of 699,501,950 as at 31 December 2014.
2. The vesting period of the share options is from the date of grant until the commencement of the exercisable period.
3. Mr. Xie Shuisheng has resigned on 24 April 2014.

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

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. HU Minglie *(Chief Executive Officer) (Appointed on 17 November 2014)*
Mr. WANG Jianli
Mr. MA Wanjun
Mr. CHEN Jianhua

Independent Non-Executive Directors

Mr. MAO Xuechang *(Appointed on 26 May 2014)*
Mr. CHAI Chaoming
Mr. DAI Jianchun *(Appointed on 19 January 2015)*
Mr. XIE Shuisheng *(Resigned on 24 April 2014)*
Ms. LI Li *(Resigned on 14 January 2015)*
Mr. CUI Ming *(Resigned on 19 January 2015)*

Pursuant to Articles 87(1) and 87(2) of the Company's Articles of Association, Mr. Hu Minglie, Mr. Chen Jianhua, Mr. Mao Xuechang, Mr. Chai Chaoming and Mr. Dai Jianchun 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 with effect from their respective date of appointment 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.

Each of Independent non-executive Directors of the Company had entered into an appointment letter with the Company with effect from their respective date of appointment until terminated by either the Company or Independent non-executive Director by giving not less than two months 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 2014, 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 *(Note 1)*
Hu Changyuan	Founder of a discretionary trust	265,200,000 *(Note 2)*	37.91%
Hu Minglie	Beneficial owner	400,000	0.06%
Wang Jianli	Beneficial owner	1,060,000	0.15%
Ma Wanjun	Beneficial owner	1,060,000	0.15%
Chen Jianhua	Beneficial owner	1,480,000	0.21%
Cui Ming	Beneficial owner	220,000	0.03%
Chai Chaoming	Beneficial owner	134,000	0.02%
Li Li	Beneficial owner	320,000	0.05%

Notes:

1 The percentages are calculated based on the total issued Shares of 699,501,950 as at 31 December 2014.

2. 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.

(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 (Note 1)
Hu Changyuan	Beneficial owner	500,000 *(Note 2)*	1 April 2014 to 31 March 2015	0.65	0.07%
Chen Jianhua	Beneficial owner	2,000,000 *(Note 2)*	1 April 2014 to 31 March 2015	0.65	0.29%
Wang Jianli	Beneficial owner	4,500,000 *(Note 2)*	1 April 2014 to 31 March 2015	0.65	0.64%
Ma Wanjun	Beneficial owner	3,500,000 *(Note 2)*	1 April 2014 to 31 March 2015	0.65	0.50%
Mao Xuechang	Beneficial owner	500,000 *(Note 3)*	26 May 2014 to 31 March 2015	0.53	0.07%
Cui Ming	Beneficial owner	99,000 *(Note 2)*	1 April 2014 to 31 March 2015	0.65	0.01%
Chai Chaoming	Beneficial owner	99,000 *(Note 2)*	1 April 2014 to 31 March 2015	0.65	0.01%
Li Li	Beneficial owner	99,000 *(Note 2)*	1 April 2014 to 31 March 2015	0.65	0.01%

Notes:

1. The percentages are calculated based on the total issued Shares of 699,501,950 as at 31 December 2014.

2. These are the underlying Shares of the options granted to the relevant Directors by the Company on 1 April 2014 under Share Option Scheme and such share options remained outstanding as at 31 December 2014. The exercise price is the average closing price of HK$0.65 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.

3. These are the underlying Shares of the options granted to the relevant Director by the Company on 26 May 2014 under Share Option Scheme and such share options remained outstanding as at 31 December 2014. The exercise price is the average closing price of HK$0.53 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.

Save as disclosed above, as at 31 December 2014, 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 2014, 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 *(Note 1)*
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 2)*	Interest of a controlled corporation	265,200,000(L)	37.91%
Barclays Wealth Trustees (Singapore) Limited *(Note 2)*	Trustee (other than a bare trustee)	265,200,000(L)	37.91%
Barclays PLC *(Note 3)*	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 4)*	Interest of spouse	265,200,000(L)	37.91%

Notes:

1. The percentages are calculated based on the total issued Shares of 699,501,950 as at 31 December 2014.

2. 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.

3. 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.

4. 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

Save as disclosed herein, as at 31 December 2014, 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(a) 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 2014.

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 2014.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Corporate Governance Code during the year ended 31 December 2014.

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 three independent non-executive Directors, namely, Mr. Chai Chaoming, Mr. Mao Xuechang and Mr. Dai Jianchun. The Audit Committee has reviewed the audited financial statements for the year ended 31 December 2014 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 auditors of the Company with effect from 5 July 2012. SHINEWING (HK) CPA Limited ("SHINEWING") had replaced KPMG to act as auditors of the Company since 5 July 2012 and acted as auditors of the Company for the years ended 31 December 2012, 2013 and 2014.

On 23 May 2014, 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, 27 March 2015

EXECUTIVE DIRECTORS

Mr. HU Changyuan, aged 66, 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 26 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. HU Minglie, aged 33, is an executive Director of the Company and Chief Executive Officer of the Group. He graduated from the University of Arizona with a master degree in Optical Science Engineering, and has received a MBA degree from Anderson Management School of UCLA. Mr. Hu is the founding partner and chairman of Lighthouse Capital Management LLC (the "Lighthouse Capital"), an equity investment fund management company established in Mainland China. At the time when he established Lighthouse Capital, he had been the partner of Tianjin Raystone Taihe Fund Management LLP*, another equity investment fund management company established in Mainland China, for more than four years. During his service in Lighthouse Capital, he was responsible for the structuring and management of two funds with assets under management of over RMB300 million. The funds invested in more than 20 growth oriented projects in China and overseas, which were mainly medical, equipment and mobile internet projects. Mr. Hu has also actively participated in the charity activities in Mainland China and Hong Kong, and is the director of Cixi Xingye Xi Yang Hong Charitable Foundation and Si Ming Care for Aged and Children Charitable Foundation Limited. Mr. Hu is the son of Mr. Hu Changyuan.

Biographical Details of the Directors and Company Secretary

Mr. WANG Jianli, aged 44, 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 and 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. 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. He was recognized as a senior economist in 2011. Mr Wang has been working for the Group since 1998 and 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 26 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). In 2013, Mr Wang was awarded as "Outstanding Entrepreneur of Ningbo City". In the same year, 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 2013 and 2014, he was named by the Management Committee of Hangzhou Bay New District of Ningbo as the Annual Influential Person of Industrial Economy for two consecutive years.

Mr. MA Wanjun, aged 48, 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 26 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. In 2014, Mr Ma attended the President Workshop in New Material Industry of Ningbo organized by Ningbo Executives Academy and finished full courses and obtained the pass certificate. 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).

Mr. CHEN Jianhua, 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 and has been working for the Group since 1998. Mr. Chen is responsible for supervisory work for the Group. Mr. Chen has more than 26 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. MAO Xuechang, aged 61, is an independent non-executive Director of the Company since May 2014. He graduated from the Zhejiang University, major in internal combustion engineering in 1978. Mr. Mao was recognized as a senior economist by the Municipal Personnel Bureau of Zhejiang Province（浙江省人事廳）in December 1996. From September 1983 to June 1988, he has been engaged as the deputy factory manager of the Cixi dynamic factory*（慈溪動力機廠）, the factory manager of the Cixi agricultural and organic factory*（慈溪農機廠）. From July 1988 to August 1997, he has been engaged as the general manager of the Cixi import and export corporation*（慈溪進出口公司）, the chairman of the Cixi foreign investment group*（慈溪外貿集團）, the deputy head and head of the Cixi Bureau of Foreign Economic and Trade*（慈溪外經貿局）. From July 1997 to July 2002, he was a deputy mayor of the Cixi Municipality*（慈溪市人民政府）. Mr. Mao has extensive corporate management and administrative experience.

Mr. CHAI Chaoming, aged 45. 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. Mr. Chai has extensive corporate management and investment experience.

Mr. DAI Jianchun, aged 38, is an independent non-executive Director of the Company since January 2015. He graduated from the School of Economics and Management at Tsinghua University, with the degree of Bachelor of Engineering in Management Information Systems in July 2000, where he also obtained a Master's Degree in Quantitive Economics in July 2002. Between August 2002 and July 2006, Mr. Dai worked as a portfolio manager in the capital markets department in the headquarters of China CITIC Bank. Mr. Dai then became a manager in Crédit Agricole Corporate and Investment Bank's Hong Kong office until January 2009. Mr. Dai is currently a founding partner of Ferry Venture Capital, a company that performs venture capital for entrepreneurial enterprises with an industry focus on the mobile internet, innovation of products and services through mobile internet (O2O) commerce.

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 42, is the Company Secretary of the Group since July 2007. 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 142, which comprise the consolidated statement of financial position as at 31 December 2014, 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.

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)

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.

BASIS FOR QUALIFIED OPINION ON THE CORRESPONDING FIGURES

As set out in our report dated 28 March 2014 on the Group's consolidated financial statements for the year ended 31 December 2013, we were not provided with sufficient audit evidence to enable us to ascertain:

a) the net gain of an associate and share of results of that associate for the year ended 31 December 2013;

b) whether the carrying amount of an available-for-sale investment as at 31 December 2013 could be recovered in full; and

c) the gain of disposal of an available-for-sale investment for the year ended 31 December 2013.

Accordingly, we qualified our opinion on the Group's consolidated financial statements for the year ended 31 December 2013 in respect of this above scope limitation.

Therefore, the opening balances and comparative figures shown may not be comparable and any adjustments found to be necessary in respect of the prior year's qualification would have an effect on the opening balances of the Group as at 1 January 2014.

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)

Our opinion on the current year's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and relevant disclosures to the consolidated financial statements is also modified because of the possible effects of these matters on the comparability of the current year's figures and the corresponding figures.

QUALIFIED OPINION ON CORRESPONDING FIGURES

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion on the corresponding figures, the consolidated financial statements give a true and fair view of the Group's profit and cash flows for the year ended 31 December 2014 in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Lo Wa Kei
Practising Certificate Number: P03427

Hong Kong
27 March 2015

Consolidated Statement of Profit or Loss

For the year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000 (Restated)
Revenue	8	**3,370,976**	3,603,600
Cost of sales		**(3,101,539)**	(3,386,128)
Gross profit		**269,437**	217,472
Other income	9	**21,280**	35,928
Other gains and losses, net	12	**(20,955)**	18,541
Distribution expenses		**(26,205)**	(24,030)
Administrative expenses		**(169,821)**	(172,382)
Share of results of associates	19	**(34)**	334
Share of result of a joint venture	20	**–**	(12,032)
Finance costs	10	**(44,966)**	(42,345)
Profit before tax		**28,736**	21,486
Income tax expenses	11	**(9,186)**	(11,866)
Profit for the year	12	**19,550**	9,620
Profit for the year attributable to:			
Owners of the Company		**18,753**	8,998
Non-controlling interests		**797**	622
		19,550	9,620
Earnings per share			
Basic (RMB)	16	**0.03**	0.01
Diluted (RMB)	16	**0.03**	0.01

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014

	2014 *RMB'000*	2013 *RMB'000*
Profit for the year	**19,550**	9,620
Other comprehensive expense for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(2,855)**	(1,346)
Total comprehensive income for the year	**16,695**	8,274
Total comprehensive income attributable to:		
Owners of the Company	**15,898**	7,652
Non-controlling interests	**797**	622
	16,695	8,274

Consolidated Statement of Financial Position

As at 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment	17	**1,058,412**	728,155
Lease prepayments	18	**14,557**	29,714
Interest in an associate	19	**6,579**	6,613
Interest in a joint venture	20	**–**	–
Available-for-sale investment	21	**33,908**	35,000
Deposits for acquisition of property, plant and equipment		**12,596**	77,783
		1,126,052	877,265
Current assets			
Inventories	22	**420,290**	427,909
Trade and other receivables	23	**530,047**	444,182
Loan receivables	24	**49,334**	60,396
Derivative financial instruments	25	**3,809**	–
Pledged bank deposits	26	**222,319**	103,294
Cash and cash equivalents	26	**123,058**	56,730
		1,348,857	1,092,511
Current liabilities			
Trade and other payables	27	**574,136**	449,060
Derivatives financial instruments	25	**–**	2,872
Interest-bearing borrowings	28	**840,800**	775,769
Income tax payable		**2,568**	11,769
		1,417,504	1,239,470
Net current liabilities		**(68,647)**	(146,959)
Total assets less current liabilities		**1,057,405**	730,306
Non-current liabilities			
Interest-bearing borrowings	28	**284,691**	18,940
Deferred income	29	**43,056**	9,513
Deferred tax liabilities	30	**12,488**	18,939
		340,235	47,392
Net assets		**717,170**	682,914

Consolidated Statement of Financial Position

As at 31 December 2014

	Note	**2014** *RMB'000*	2013 *RMB'000*
Capital and Reserves			
Share capital	31	**64,881**	64,881
Reserves		**615,837**	598,466
Equity attributable to owners of the Company		**680,718**	663,347
Non-controlling interests		**36,452**	19,567
Total Equity		**717,170**	682,914

The consolidated financial statements on pages 42 to 142 were approved and authorised for issue by the board of directors on 27 March 2015 and are signed on its behalf by:

Hu Changyuan
Director

Hu Minglie
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

		Attributable to owners of the Company									
	Note	Share Capital *RMB'000*	Share premium *(Note 31(b)(i))* *RMB'000*	Capital reserve *(Note 31(b)(ii))* *RMB'000*	PRC statutory reserve *(Note 31(b)(iii))* *RMB'000*	Translation reserve *RMB'000*	Share-based compensation reserve *(Note 31(b)(iv))* *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total *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 (expense)/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

		Attributable to owners of the Company									
	Note	Share Capital *RMB'000*	Share premium *(Note 31(b)(i))* *RMB'000*	Capital reserve *(Note 31(b)(ii))* *RMB'000*	PRC statutory reserve *(Note 31(b)(iii))* *RMB'000*	Translation reserve *RMB'000*	Share-based compensation reserve *(Note 31(b)(iv))* *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
At 1 January 2014		64,881	227,978	259,726	66,785	(15,524)	7,596	51,905	663,347	19,567	682,914
Profit for the year		–	–	–	–	–	–	18,753	18,753	797	19,550
Other comprehensive expense for the year:											
Exchange differences arising on translation of foreign operations		–	–	–	–	(2,855)	–	–	(2,855)	–	(2,855)
Total comprehensive (expense)/income for the year		–	–	–	–	(2,855)	–	18,753	15,898	797	16,695
Equity-settled share-based payments		–	–	–	–	–	2,663	–	2,663	–	2,663
Share options cancelled		–	–	–	–	–	(9,908)	9,908	–	–	–
Share options forfeited		–	–	–	–	–	(2)	2	–	–	–
Transfer to reserve		–	–	–	14,041	–	–	(14,041)	–	–	–
Disposal of interest in a subsidiary *(note 39)*		–	–	–	–	–	–	(156)	(156)	690	534
Dilution of interest in a subsidiary *(note 39)*		–	–	–	–	–	–	(1,034)	(1,034)	15,938	14,904
Dividend paid to non-controlling interest		–	–	–	–	–	–	–	–	(540)	(540)
At 31 December 2014		64,881	227,978	259,726	80,826	(18,379)	349	65,337	680,718	36,452	717,170

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	2014 *RMB'000*	2013 *RMB'000*
OPERATING ACTIVITIES		
Profit before tax	**28,736**	21,486
Adjustments for:		
Finance costs	**44,966**	42,345
Bank interest income	**(7,212)**	(6,622)
Interest income from non-controlling interests	**–**	(201)
Interest income on loan receivables	**(3,247)**	(5,584)
Government grants	**(9,631)**	(22,285)
Write-down of inventories	**15,548**	998
Amortisation of deferred income	**(717)**	(573)
Exchange gain	**(2,872)**	–
Share of results of associates	**34**	(334)
Share of result of a joint venture	**–**	12,032
Depreciation of property, plant and equipment	**64,195**	52,597
Impairment loss recognised in respect of lease prepayments	**–**	5,414
Impairment loss recognised in respect of trade receivable from a joint venture	**–**	4,782
Written-off of loan receivables	**7,844**	–
Impairment loss recognised in respect of property, plant and equipment	**19,795**	–
Amortisation of lease prepayments	**659**	744
Equity-settled share-based payment transactions	**2,663**	3,493
Unrealised (gain) loss on fair value change on derivative financial instruments	**(3,809)**	2,872
Loss on written-off/disposal of property, plant and equipment	**14,187**	1,391
Gain on disposal of lease prepayments	**(1,111)**	–
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	**170,028**	107,880
(Increase) decrease in inventories	**(7,929)**	38,337
Decrease in trade and other receivables	**(151,376)**	(191,847)
Increase in trade and other payables	**77,242**	54,086
Decrease (increase) in derivative financial instruments	**(2,872)**	3,734
Cash generated from operations	**85,093**	12,190
Interest paid	**(51,970)**	(42,101)
Tax paid	**(24,838)**	(16,309)
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES	**8,285**	(46,220)

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	2014 *RMB'000*	2013 *RMB'000*
INVESTING ACTIVITIES		
Interest received	**6,332**	7,298
Proceeds from disposal of interest in an associate	**–**	25,799
Proceeds from disposal of an available-for-sale investment	**–**	3,150
Payment for investment in an associate	**–**	(6,600)
Proceeds from disposal of lease prepayments	**16,000**	5,000
Proceeds from disposal of property, plant and equipment	**6,741**	214
Acquisition of property, plant and equipment	**(301,699)**	(130,634)
Placement of deposit for acquisition of property, plant and equipment	**(12,596)**	(68,800)
Capital repatriation from an available-for-sale investment	**1,092**	–
Repayment of loan receivables	**149,965**	14,780
Loan receivables made	**(143,500)**	(42,598)
NET CASH USED IN INVESTING ACTIVITIES	**(277,665)**	(192,391)
FINANCING ACTIVITIES		
Dividends paid	**–**	(27,840)
Dividend paid to non-controlling interest	**(540)**	(438)
Repayment of borrowings	**(1,446,795)**	(1,587,224)
New borrowings raised	**1,842,722**	1,792,854
Repayment of interest-free advances	**–**	(6,193)
Proceeds from disposal of interest in a subsidiary without loss of control	**534**	–
Capital contribution from non-controlling interest on dilution of interest in a subsidiary	**14,904**	980
Government grants received	**43,891**	22,385
Placement of pledged bank deposits	**(222,319)**	(103,294)
Withdrawal of pledged bank deposits	**103,294**	117,854
NET CASH FROM FINANCING ACTIVITIES	**335,691**	209,084
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**66,311**	(29,527)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**56,730**	87,603
Effect of foreign exchange rate changes	**17**	(1,346)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**123,058**	56,730

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 40.

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 Dollars ("HK$"). As the Company and its subsidiaries (hereinafter collectively referred to as the "Group") mainly operates in the PRC, the directors of the Company consider that it is appropriate to present the consolidated financial statements in RMB.

2. BASIS OF PREPARATION

As at 31 December 2014, the Group had net current liabilities of approximately RMB68,647,000.

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 positive operating cash flows of the Group, the successful renewal of bank loans of approximately RMB199 million repayable within one year as at 31 December 2014 to 2016, and the Group's unutilised banking facilities of approximately RMB202 million that will be expiring after 31 December 2015.

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, while include IFRSs, International Accounting Standards ("IASs") and Interpretations ("Ints") issued by the International Accounting Standard Board (the "ISAB") that are relevant for the preparation of the Group's consolidated financial statements:

IFRS 10, IFRS 12 and IAS 27 (Amendments)	*Investment entities*
IAS 32 (Amendments)	*Offsetting financial assets and financial liabilities*
IAS 36 (Amendments)	*Recoverable amount disclosures for non-financial assets*
IAS 39 (Amendments)	*Novation of derivatives and continuation of hedge accounting*
IFRIC* 21	*Levies*

* IFRIC represents the IFRS Interpretations Committee.

Except as explained below, the application of the new and revised IFRSs in the current year has had no material impact on the Group's consolidated financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

The Group has applied the amendments to IFRS 10, IFRS 12 and IAS 27 *Investment Entities* for the first time in the current year. The amendments to IFRS 10 define an investment entity and introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to IFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specially, an 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 to IFRS 12 and IAS 27 have been made to introduce new disclosure requirements for investment entities.

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

Amendments to IFRS 10, IFRS 12 and IAS 27 *Investment Entities* (Continued)

As the Company is not an investment entity, the directors of the Company consider that the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities*

The Group has applied the amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to IAS 32 clarify existing application issue relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

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

The Group has applied the amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* for the first time in the current year. 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 fair value hierarchy within which the fair value measurement of the asset or cash generating unit is categorised in its entirely. 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 technique, 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 disposals is measured using a present value technique.

The amendments have been applied retrospectively. For the year ended 31 December 2013, the recoverable amount of the Group's impaired lease prepayments is determined based on its fair value less costs of disposal and the relevant disclosures are included in note 18.

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

New and revised IFRSs issued but not yet effective

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9 (2014)	*Financial Instruments*[4]
IFRS 15	*Revenue from Contracts with Customers*[3]
IAS 1 (Amendments)	*Disclosure Initiative*[2]
IFRS 11 (Amendments)	*Accounting for Acquisitions of Interests in Joint Operations*[2]
IAS 16 and IAS 38 (Amendments)	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
IAS 16 and IAS 41 (Amendments)	*Agriculture: Bearer Plants*[2]
IAS 19 (Amendments)	*Defined Benefit Plans: Employee Contributions*[1]
IAS 27 (Amendments)	*Equity Method in Separate Financial Statements*[2]
IFRS 10 and IAS 28 (Amendments)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
IFRS 10, IFRS 12 and IAS 28 (Amendments)	*Investment Entities: Applying the Consolidation Exception*[2]
IFRSs (Amendments)	*Annual Improvements to IFRSs 2010-2012 Cycle*[1]
IFRSs (Amendments)	*Annual Improvements to IFRSs 2011-2013 Cycle*[1]
IFRSs (Amendments)	*Annual Improvements to IFRSs 2012-2014 Cycle*[2]

1 *Effective for annual periods beginning on or after 1 July 2014.*
2 *Effective for annual periods beginning on or after 1 January 2016.*
3 *Effective for annual periods beginning on or after 1 January 2017.*
4 *Effective for annual periods beginning on or after 1 January 2018.*

IFRS 9 (2014) *Financial Instruments*

IFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, IFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management and activities in the financial statements. A finalised version of IFRS 9 was issued in 2014 to incorporate all the requirements of IFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain financial assets. The finalised version of IFRS 9 also introduces a "expected credit loss" model for impairment assessments.

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

New and revised IFRSs issued but not yet effective (Continued)

IFRS 9 (2014) *Financial Instruments* (Continued)

Key requirement of IFRS 9 (2014) 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting 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 effect of change 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.

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in IAS 39 for the recognition of credit losses. Under the impairment approach in IFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

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

New and revised IFRSs issued but not yet effective (Continued)

IFRS 9 (2014) *Financial Instruments* (Continued)

Key requirement of IFRS 9 (2014) are described as follows: (Continued)

- IFRS 9 introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, IFRS 9 looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as basis for hedge accounting. Under IAS 39, it is necessary to exhibit eligibility and compliance with the requirements in IAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for IAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

IFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company anticipate that the adoption of IFRS 9 (2014) in the future may have a material impact on the amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

IFRS 15 *Revenue from Contracts with Customers*

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, IFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contact; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

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

New and revised IFRSs issued but not yet effective (Continued)

IFRS 15 *Revenue from Contracts with Customers* (Continued)

IFRS 15 also introduces extensive qualitative and quantitative disclosures requirements which aim to enable users of the financial statements to understand the nature, amount timing and uncertainty of revenue and cash flows arising from contracts with customers.

IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and related Interpretations when it becomes effective.

IFRS 15 will become effective for annual periods beginning on or after 1 January 2017 with early adoption permitted. The directors of the Company anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*

The amendments to IFRS 11 provide guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business as defined in IFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

The amendments to IFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The directors of the Company do not anticipate that the application of these amendments to IFRS 11 will have a material impact on the Group's consolidated financial statements.

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

New and revised IFRSs issued but not yet effective (Continued)

Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments to IAS 16 prohibit the use of revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be rebutted in the following limited circumstances:

a) when the intangible asset is expressed as a measure of revenue;

b) when a high correlation between the revenue and the consumption of the economic benefits of the intangible asset could be demonstrated.

The amendments to IAS 16 and IAS 18 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied prospectively.

As the Group uses the straight-line method for depreciation of its property, plant and equipment, the directors of the Company do not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to IAS 27 *Equity Method in Separate Financial Statements*

The amendments to IAS 27 allow an entity to apply the equity method to account for investments in subsidiaries, joint ventures and associates in its separate financial statements. As a result of the amendments, the entity can choose to account for these investments either:

- At cost
- In accordance with IFRS 9 (or IAS 39) or
- Using the equity method as described in IAS 28

The amendments to IAS 27 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied retrospectively.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

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

New and revised IFRSs issued but not yet effective (Continued)

Amendments to IAS 27 *Equity Method in Separate Financial Statements* (Continued)

In addition to the amendments to IAS 27, there are consequential amendments to IAS 28 to avoid a potential conflict with IFRS 10 *Consolidated Financial Statements and* IFRS 1 *First-time Adoption of International Financial Reporting Standards*.

The directors of the Company do not anticipate that the application of these amendments to IAS 27 will have a material impact on the Group's consolidated financial statements.

Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to IAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.
- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.
- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for a single transaction.

The amendments to IFRS 10:

- An exception from the general requirement of full gain or loss recognition has been introduced into IFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.
- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.
- The directors of the Company do not anticipate that the application of these amendments to IFRS 10 and IAS 28 will have a material impact on the Group's consolidated financial statements.

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

New and revised IFRSs issued but not yet effective (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)

New and revised IFRSs issued but not yet effective (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 of the Company do not anticipate that the application of these amendments 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 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 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 of the Company do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

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

New and revised IFRSs issued but not yet effective (Continued)

Annual Improvements to IFRSs 2012-2014 Cycle

The *Annual Improvements to IFRSs 2012-2014 Cycle* include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 5 clarify that changing from one of the disposal methods (i.e. disposal through sale or disposal through distribution to owners) to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IRFS 5. Besides, the amendments also clarify that changing the disposal method does not change the date of classification.

The amendments to IFRS 7 clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the additional disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety are required. Besides, the amendments to IFRS 7 also clarify that disclosures in relation to offsetting financial assets and financial liabilities are not required in the condensed interim financial report, unless the disclosures provide the information reported in the most recent annual report.

The amendments to IFRS 19 clarify that the market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

IAS 34 requires entities to disclose information in the notes to the interim financial statements' if not disclosed elsewhere in the interim financial report'. The amendments to IAS 34 clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

The directors of the Company do not anticipate that the application of these amendments included in the Annual Improvements to IFRSs 2012-2014 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)

New and revised IFRSs issued but not yet effective (Continued)

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments provide guidance on addressing the acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its joints venture and associate. An investing entity is required to recognise the gain or loss arising from selling or contributing assets that constitutes or contains a business to a joint venture or associate in full. An investing entity is required to recognise the gain or loss arising from selling or contributing assets that does not constitute or contain a business to a joint venture or associate only to the extent of the unrelated investor's interest in that joint venture or associate.

The amendments to IFRS 10 and IAS 28 will become effective for financial statement with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied prospectively.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

Amendments to IAS 1 Disclosure Initiative

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a IFRS if the information resulting from that disclosure is not material. This is the case even if the IFRS contain a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

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

New and revised IFRSs issued but not yet effective (Continued)

Amendments to IAS 1 Disclosure Initiative (Continued)

Furthermore, the amendments clarify that:

(i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and

(ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The directors of the Company anticipate that the application of Amendments to IAS 1 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements.

IFRS 10, IFRS 12 and IAS 28 (Amendments) Investment Entities: Applying the Consolidation Exception

The amendments clarify the requirements when accounting for investment entities as well as provide relief in particular circumstances, which will reduce the costs of applying the standards. Specifically, a parent entity that is a subsidiary of an investment entity is exempted from preparing consolidated financial statements. A parent entity which is also a subsidiary of an investment entity and hold interests in associates and joint ventures is exempted from applying equity method if it meets all the conditions stated in paragraph 4(a) of IFRS 10.

Besides, the amendments clarify if an investment entity has a subsidiary that is not itself an investment entity and whose main purpose and activities are providing investment-related services that relate to the investment entity's investment activities to the entity or other parties, it should consolidate that subsidiary. If the subsidiary that provides the investment-related services or activities is itself an investment entity, the investment entity parent should measure that subsidiary at fair value through profit or loss. If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when apply the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

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

IFRS 10, IFRS 12 and IAS 28 (Amendments) Investment Entities: Applying the Consolidation Exception (Continued)

Furthermore, if a parent that is an investment entity and has measured all of its subsidiaries at fair value through profit or loss, that investment entity should present the disclosures relating to investment entities required by IFRS 12 in its financial statements. If an investment entity has consolidated its subsidiary in which the subsidiary itself is not an investment entity and whose main purpose and activities are providing services that relate to the investment activities of its investment entity parent, the disclosure requirements in IFRS 12 apply to financial statements in which the investment entity consolidates that subsidiary.

The amendments to IFRS 10, IFRS 12 and IAS 28 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. As the Company does not have any investments in investment entities, the directors of the Company do not anticipate that the application of the amendments to IFRS 10, IFRS 12 and IAS 28 will have a material impact on the Group's consolidated financial statements.

In addition, the annual report requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Hong Kong Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

The directors of the Company do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

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, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values. 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 between market participants 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

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.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets and liabilities of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets and liabilities (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. 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 (including goodwill) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

Gains and losses resulting from transactions between the Group and its associate and 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 the joint venture's gains or losses resulting from these transactions is eliminated.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

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.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as prepaid lease payments in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

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 stated at cost less subsequent accumulated amortisation and subsequent impairment losses, if any. Interest in leasehold land is amortised over the lease term on a straight-line basis.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Research expenditure

Expenditures on research activities are recognised as an expense in the period in which it is incurred.

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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 as defined above.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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.

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
- 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 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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 equivalents) 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 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, 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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.

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.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities are 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. The net gain or loss is included in the other gains (losses) line item in profit or loss and excludes any interest paid on the financial liabilities. Fair value is determined in a manner described in note 7.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

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 other than those financial liabilities classified as at FVTPL, of which the interest expense is included in finance costs..

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 Company are recognised at the proceeds received, net of direct issue costs.

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 recognises the asset to the extent of its continuing involvement and recognises an associated liability for the amounts it may have to pay. 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Derecognition (Continued)

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 during the vesting period, 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible assets (Continued)

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.

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 follow:

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.

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 Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made 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 2015. 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 2014.

Legal title of buildings

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

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

Critical judgments in applying the entity's accounting policies (Continued)

Classification of joint arrangements

Yingtan Ulba Shine Metal Materials Co., Ltd. ("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.

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 of disposal 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.

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

Key sources of estimation uncertainty (Continued)

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

The carrying amount of property, plant and equipment and lease prepayments of the Group as at 31 December 2014 is approximately RMB1,058,412,000 (2013: RMB728,155,000) and RMB14,916,000 (2013: RMB30,464,000). As at 31 December 2014, the accumulated impairment loss recognised in respect of the Group's property, plant and equipment and lease prepayments amounted to RMB30,532,000 (2013: RMB10,737,000) and nil (2013: RMB5,414,000) 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 2014, the Group's inventories amounted to approximately RMB420,290,000 (2013: RMB427,909,000), net of impairment and provision for write-down of approximately RMB18,982,000 (2013: RMB3,434,000).

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 2014, the carrying amount of the Group's trade and other receivables, and loan receivables are approximately RMB530,047,000 (2013: RMB444,182,000) (net of accumulated impairment of RMB4,782,000 (2013: RMB4,782,000)) and RMB49,334,000 (2013: RMB60,396,000) (net of accumulated impairment of RMB7,784,000 (2013:nil) respectively.

During the year ended 31 December 2014, the Group had written-off loan receivables of RMB7,844,000 (2013:nil).

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

In determining whether the Group's interest in an associate and available-for-sale investment 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, financial position and/or market transaction price. In the opinion of the directors, no impairment is considered necessary. As at 31 December 2014, the carrying amounts of the Group's interest in an associate and available-for-sale investment are approximately RMB6,579,000 (2013: RMB6,613,000) and RMB33,908,000 (2013: RMB35,000,000) respectively.

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 2014, the Group's share-based compensation reserve is approximately RMB349,000 (2013: RMB7,596,000). The Group recognised total expense of approximately RMB2,663,000 for the year ended 31 December 2014 (2013: RMB3,493,000) 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 debts and equity balances. 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 total 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% (2013: 70%). As at 31 December 2014, the debt-to-capital ratio and the liability-to-asset ratio of the Group are 61% (2013: 54%) and 71% (2013: 65%) respectively. The Group's overall strategy remains unchanged from prior year.

	2014 ***RMB'000***	2013 *RMB'000*
Total interest-bearing borrowings	**1,125,491**	794,709
Equity	**717,170**	682,914
Capital	**1,842,661**	1,477,623
Debt-to-capital ratio	**61%**	54%
Total liabilities	**1,757,739**	1,286,862
Total assets	**2,474,909**	1,969,776
Liability-to-asset ratio	**71%**	65%

7. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2014	2013
	RMB'000	*RMB'000*
Financial assets		
Held for trading financial assets:		
– Derivative financial instruments	**3,809**	–
Loans and receivables (including cash and cash equivalents)	**858,032**	577,301
Available-for-sale investment	**33,908**	35,000
	895,749	612,301
Financial liabilities		
Held for trading financial liabilities:		
– Derivative financial instruments	**–**	2,872
Financial liabilities at amortised cost	**1,664,320**	1,196,095
	1,664,320	1,198,967

(b) Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investment, 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:

	2014	2013
	RMB'000	*RMB'000*
Assets		
United States dollars ("USD")	**148,228**	183,244
Hong Kong dollars ("HKD")	**33,293**	1,651
	181,521	184,895
Liabilities		
USD	**248,497**	290,285
HKD	**1,313**	1,143
Japanese Yen ("JPY")	**1,360**	4,813
EURO	**18,955**	2,094
	270,125	298,335

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% (2013: 5%) increase and decrease in functional currency of respective group entities against the relevant foreign currencies. 5% (2013: 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% (2013: 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% (2013: 5%) against the relevant foreign currencies. For a 5% (2013: 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.

	2014	2013
	RMB'000	*RMB'000*
Effect on post-tax profit		
USD	**3,760**	4,014
HKD	**(1,199)**	(19)
JPY	**51**	181
EURO	**711**	79

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 RMB 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 (2013: 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 (2013: 100 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2014 would decrease/increase by approximately RMB1,335,000 (2013: RMB182,000). 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% (2013: 5%) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2014 would decrease/increase by approximately RMB2,944,000 (2013: RMB1,298,000).

Credit risk

As at 31 December 2014, 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 (2013: 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% (2013: 7%) and 25% (2013: 29%) of the total trade receivables as at 31 December 2014 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% (2013: 89%) of the total trade receivables as at 31 December 2014.

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 2014, the Group has available unutilised bank loan facilities of approximately RMB537,734,000 (2013: RMB1,039,000,000). 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 derivatives instruments 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 2014				
Non-derivative financial liabilities				
Trade and other payables	538,829	–	538,829	538,829
Interest-bearing borrowings	872,560	332,075	1,204,635	1,125,491
	1,411,389	332,075	1,743,464	1,664,320

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 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

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.

(c) Fair value

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

The Group's derivative financial assets, representing copper future contracts, of approximately RMB3,809,000 (2013: liabilities of RMB2,872,000) as at 31 December 2014 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.

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.

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 gains 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 2014

	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	4,791,635	1,148,589	174,549	–	(2,743,797)	3,370,976
SEGMENT REVENUE						
External sales	2,662,546	557,021	151,409	–	–	3,370,976
Inter-segment sales	2,129,089	591,568	23,140	–	(2,743,797)	–
Other income and gains	–	–	–	3,247	–	3,247
	4,791,635	1,148,589	174,549	3,247	(2,743,797)	3,374,223
Segment profit (loss)	160,417	11,433	97,587	(4,597)		264,840
Unallocated income and gains						41,183
Unallocated expenses and losses						(232,287)
Finance costs						(44,966)
Share of result of an associate						(34)
Consolidated profit before tax						28,736

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 (restated)	150,614	4,589	62,269	10,580		228,052
Unallocated income and gains						58,669
Unallocated expenses and losses						(210,871)
Finance costs						(42,345)
Share of result of an associate						13
Share of result of a joint venture						(12,032)
Consolidated profit before tax						21,486

The accounting policies of the operating segments are the same as the Group's accounting policies described note 4. Segment profit/loss represents the profit earned by/loss from each segment without allocation of distribution expenses certain, administrative expenses, certain other income, certain other gains and losses, net, share of result of certain associate, share of result 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.

	2014 *RMB'000*	2013 *RMB'000*
SEGMENT ASSETS		
Investments	**83,242**	95,396
Jointly-shared by sales of copper products, trading of raw materials and provision of processing services	**2,035,902**	1,707,743
Unallocated	**355,765**	166,637
Consolidated assets	**2,474,909**	1,969,776
SEGMENT LIABILITIES		
Jointly-shared by sales of copper products, trading of raw materials and provision of processing services	**574,136**	449,060
Unallocated	**1,183,603**	837,802
Consolidated liabilities	**1,757,739**	1,286,862

8. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

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, 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 investment and loans receivables in aggregate of RMB83,242,000 (2013: RMB95,396,000) that are dedicated to investment segment and the interest in an associate of RMB6,579,000 (2013: RMB6,613,000) 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.

The Group's trade and bills receivables (including trade receivables from a joint venture), property, plant and equipment, and lease prepayments 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 2014 would be RMB242,317,000 (2013: RMB239,323,000).

8. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue from major product and services

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

	2014	2013
	RMB'000	*RMB'000*
Sales of high precision copper plates and strips	**2,662,546**	2,511,038
Trading of raw materials	**557,021**	956,448
Provision of processing services	**151,409**	136,114
	3,370,976	3,603,600

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.

	2014	2013
	RMB'000	*RMB'000*
PRC	**2,851,187**	3,354,311
Others	**519,789**	249,289
	3,370,976	3,603,600

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	Investments	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2014				
Amounts included in the measure of segment results or assets:				
Depreciation of property, plant and equipment	64,195	–	–	64,195
Additions to property, plant and equipment	435,175	–	–	435,175
Amortisation of lease prepayments	659	–	–	659
Write-down of inventories	15,548	–	–	15,548
Written-off of loan receivables	–	7,844	–	7,844
Interest income on loan receivables	–	(3,247)	–	(3,247)
Share of result of an associate	–	(34)	–	(34)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment results or segment assets:				
Government grants	(10,348)	–	–	(10,348)
Gain on disposal of lease prepayments	(1,111)	–	–	(1,111)
Loss on written-off/disposals of property, plant and equipment	14,187	–	–	14,187
Impairment loss recognised in respect of property, plant and equipment	19,795	–	–	19,795
Interest income on bank deposits	–	–	(7,212)	(7,212)
Gains from derivative financial instruments	–	–	(22,039)	(22,039)
Finance costs	–	–	44,966	44,966

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 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 results 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 recognised in respect of 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

9. OTHER INCOME

	2014 RMB'000	2013 RMB'000
Government grants		
– amortisation of deferred income (note 29)	**717**	573
– grants related to operating costs*	**5,797**	17,284
– grants related to technical development*	**3,834**	5,001
Interest income on bank deposits	**7,212**	6,622
Interest income from non-controlling interests**	**–**	201
Interest income on loan receivables	**3,247**	5,584
Others	**473**	663
	21,280	35,928

* 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

	2014 RMB'000	2013 RMB'000
Interest on bank borrowings wholly repayable within five years	**52,283**	48,011
Less: amounts capitalised	**(7,317)**	(5,666)
	44,966	42,345

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 5.62% (2013: 5.38%) per annum to expenditure on qualifying assets.

11. INCOME TAX EXPENSES

	2014 RMB'000	2013 RMB'000
Current tax		
Provision for PRC Enterprise Income Tax		
– Current year	**15,558**	15,743
– Overprovision in respect of prior year	**(7,251)**	(2,927)
PRC withholding tax	**7,330**	–
Deferred tax (note 30)		
– Current year	**(6,343)**	(950)
– Attributable to change in tax rate	**(108)**	–
	9,186	11,866

(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 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. Details are disclosed in note 30.

(e) One of the Group's subsidiaries registered in the PRC, Ningbo Xingye Shengtai Group Limited ("Xingye Shengtai") (2013: Xingtan Xingye Electronic Metal Materials Co., Ltd. ("Xingtan Xingye")) 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%. Prior to the recognition as a High and New-technology Enterprise, the applicable tax rate of Xingye Shengtai is 25% and such change in tax rate had resulted in a change in the opening deferred tax balance by RMB108,000.

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:

	2014	2013
	RMB'000	*RMB'000*
Profit before tax	**28,736**	21,486
Tax at the domestic income tax rate of 25% (2013: 25%)	**7,184**	5,372
Tax effect of change in tax rate on opening deferred tax	**(108)**	–
Tax effect of share of loss of a joint venture	**–**	3,008
Tax effect of share of loss (profit) of an associate	**9**	(84)
Tax effect of expenses not deductible for tax purpose	**1,882**	1,860
Tax effect of income not taxable for tax purpose	**(225)**	(595)
Tax effect of tax losses not recognised	**4,840**	5,487
Utilisation of tax losses previously not recognised	**(3,208)**	(1,336)
Effect of preferential tax rate	**(4,062)**	(727)
Tax effect of deductible temporary differences not recognised	**2,795**	1,808
Withholding tax on distributed profits of PRC subsidiaries	**7,330**	–
Overprovision in respect of prior year	**(7,251)**	(2,927)
Income tax expenses	**9,186**	11,866

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):

	2014 **RMB'000**	2013 *RMB'000*
Depreciation for property, plant and equipment	**64,195**	52,597
Amortisation of lease prepayments	**659**	744
Total depreciation and amortisation	**64,854**	53,341
Auditor's remuneration	**975**	943
Other (gains) losses:		
Losses on written-off/disposal of property, plant and equipment	**14,187**	1,391
Gain on disposal of lease prepayments	**(1,111)**	–
Gain on disposal of interest in an associate	**–**	(4,395)
Gain on disposal of an available-for-sale investment	**–**	(280)
Gains from derivative financial instruments *(note 25)*		
– unrealised (gain) loss on fair value changes	**(3,809)**	2,872
– realised	**(18,230)**	(24,129)
Net foreign exchange loss (gain)	**2,279**	(4,196)
Impairment loss recognised in respect of property, plant and equipment	**19,795**	–
Impairment loss recognised in respect of lease prepayments	**–**	5,414
Written-off of loan receivables	**7,844**	–
Impairment loss recognised in respect of trade receivable from a joint venture	**–**	4,782
	20,955	(18,541)
Write-down of inventories (included in cost of sales)	**15,548**	998
Cost of inventories recognised as an expense	**3,085,991**	3,385,130
Research and development expenditure (included in administrative expenses)	**96,969**	95,090
Minimum lease payments under operating leases in respect of office premises	**584**	1,295
Directors' and chief executive's remuneration *(note 13)*	**3,429**	3,801
Salaries and other benefits	**68,699**	67,133
Retirement benefits scheme contributions	**14,729**	7,712
Share-based payments expense	**2,383**	2,757
Total staff costs	**89,240**	81,403

13. DIRECTOR'S AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the 10 (2013: 8) directors and the chief executive were as follows:

	Year ended 31 December 2014					
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	–	383	–	–	12	395
Mr. Chen Jianhua	–	478	10	124	49	661
Mr. Wang Jianli	–	487	10	374	110	981
Mr. Ma Wanjun	–	464	10	348	86	908
Mr. Hu Minglie *(appointed on 17 November 2014)*	–	36	10	–	–	46
Independent non-executive directors						
Mr. Cui Ming *(resigned on 19 January 2015)*	90	–	–	–	2	92
Mr. Xie Shuisheng *(resigned on 24 April 2014)*	77	–	–	–	2	79
Ms. Li Li *(resigned on 14 January 2015)*	90	–	–	–	2	92
Mr. Chai Chaoming	90	–	–	–	2	92
Mr. Mao Xuechang *(appointed on 26 May 2014)*	68	–	–	–	15	83
	415	1,848	40	846	280	3,429

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

	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

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

Mr. Chen Jianhua was also the chief executive of the Company until 17 November 2014 and his emoluments disclosed above include those for services rendered by him as chief executive.

Mr. Hu Minglie was appointed as the chief executive and director on 17 November 2014, 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 (2013: 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 (2013: one) individual were as follows:

	2014	2013
	RMB'000	*RMB'000*
Basic salaries and allowances	**1,261**	1,293
Contributions to retirement schemes	**13**	12
Share-based payments expense	**12**	184
	1,286	1,489

Their emoluments were within the following bands:

	No. of individuals	
	2014	2013
HK$1,500,001 to HK$2,000,000 (2014: equivalent to RMB1,183,308 to RMB1,577,740 and 2013: equivalent to RMB1,179,346 to RMB1,572,460)	**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 2014 and 2013.

No directors (including the chief executive) or the five highest paid individual waived or agreed to waive any emolument for the year ended 31 December 2014 and 2013.

15. DIVIDENDS

	2014 RMB'000	2013 RMB'000
Dividends recognised as distribution during the year: nil (2013: 2012 final dividend of HK5 cents per share)	–	27,840

No dividend has been proposed subsequent to the end of the reporting period (2013: Nil).

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:

	2014 RMB'000	2013 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	**18,753**	8,998

	2014 '000	2013 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**699,502**	699,502
Effect of dilutive potential ordinary shares: Share options	**173**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**699,675**	699,502

The computation of diluted earnings per share for the year ended 31 December 2013 did not assume the exercise of the Company's outstanding share options as the exercise price of those options was higher than the average market price for shares for the year ended 31 December 2013.

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 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)	–
Disposals	(1,830)	–	–	(372)	–	(2,202)
At 31 December 2013 and 1 January 2014	161,681	725,596	12,593	8,065	211,916	1,119,851
Additions	1,134	3,459	6,569	118	423,895	435,175
Transfer from construction in progress	67,973	133,656	–	872	(202,501)	–
Written-off/disposals	(2,137)	(51,721)	(2,057)	(200)	(4,001)	(60,116)
At 31 December 2014	228,651	810,990	17,105	8,855	429,309	1,494,910
DEPRECIATION AND IMPAIRMENT						
At 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 disposals	(499)	–	–	(98)	–	(597)
At 31 December 2013 and 1 January 2014	45,106	333,725	5,328	3,495	4,042	391,696
Charge for the year	7,721	53,691	1,521	1,262	–	64,195
Impairment recognised	–	19,795	–	–	–	19,795
Eliminated on written-off/disposals	(516)	(38,323)	(169)	(180)	–	(39,188)
At 31 December 2014	52,311	368,888	6,680	4,577	4,042	436,498
CARRYING VALUES						
At 31 December 2014	176,340	442,102	10,425	4,278	425,267	1,058,412
At 31 December 2013	116,575	391,871	7,265	4,570	207,874	728,155

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.

As at 31 December 2014, the Group's property, plant and equipment with a carrying value of approximately RMB273,446,000 (2013: RMB249,723,000) 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 RMB1,556,000 (2014: nil) 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.

During the year, the directors of the Company conducted a review of the Group's plant and machinery and determined that a number of those assets were impaired. As those assets had become idle following the Group's substantial capital investment. Accordingly, impairment loss of approximately RMB19,795,000 was recognised. The recoverable amount of the relevant assets has been determined on the basis of their value in use.

18. LEASE PREPAYMENTS

	RMB'000
COST	
At 1 January 2013, 31 December 2013 and 1 January 2014	38,477
Disposal	(20,571)
At 31 December 2014	17,906
AMORTISATION AND IMPAIRMENT	
At 1 January 2013	1,855
Amortise for the year	744
Impairment recognised	5,414
At 31 December 2013 and 1 January 2014	8,013
Amortise for the year	659
Eliminated on disposal	(5,682)
At 31 December 2014	2,990
CARRYING VALUES	
At 31 December 2014	14,916
At 31 December 2013	30,464

	2014 **RMB'000**	2013 *RMB'000*
Analysed for reporting purposes as:		
Current assets (included in trade and other receivables)	**359**	750
Non-current assets	**14,557**	29,714
	14,916	30,464

The Group's lease prepayments as at 31 December 2014 and 2013 represented leasehold land in the PRC held under medium term leases.

In August 2014, the Group disposed of certain of its lease prepayments with a carrying amount of approximately RMB14,889,000 to an independent third party at a cash consideration of approximately RMB16,000,000, resulting in a gain on disposal of approximately RMB1,111,000.

18. LEASE PREPAYMENTS (Continued)

As at 31 December 2014, the Group's lease prepayments with a carrying value of approximately RMB8,538,000 (2013: RMB28,465,000) has been pledged to secure general banking facilities granted to the Group.

As at 31 December 2014, the directors of the Company conducted a review of the Group's lease prepayments and determined that no impairment on lease prepayments were necessary (2013: impairment loss of RMB5,414,000 was recognised and included in other gains or losses, net).

The recoverable amount of the lease prepayments as at 31 December 2013 was amounted to approximately RMB14,889,000 for which impairment loss was recognised has been determined on the basis of its fair value less cost to sell and was valued 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 was its current use. The fair value measurement fell within Level 2 fair value hierarchy and the recoverable amount and fair value as at 31 December 2013 amounted to approximately RMB14,889,000. Such impaired leave payment was disposed of during the year ended 31 December 2014.

There was no transfer in or out of Level 2 during the year ended 31 December 2014.

19. INTEREST IN AN ASSOCIATE

	2014	2013
	RMB'000	*RMB'000*
Cost of investment in an associate, unlisted in the PRC	**6,600**	6,600
Share of post-acquisition profits and losses	**(21)**	13
	6,579	6,613

As at 31 December 2014 and 2013, the Group had interests in the following associate which 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 and registered capital	Proportion of equity interest attributable to and voting rights held by the Group 2014	2013	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

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

19. INTEREST IN AN ASSOCIATE (Continued)

The summarised financial information, prepared in accordance with IFRSs, in respect of Baolong, a material associate, is set out below:

	2014 RMB'000	2013 RMB'000
Current assets	**9,976**	10,019
Non-current assets	**9,960**	10,021
Net assets	**19,936**	20,040
Carrying amount of the Group's share of net assets of Baolong	**6,579**	6,613

	2014 RMB'000	2013 RMB'000
Revenue	**–**	–
(Loss) profit and total comprehensive (expense) income for the year	**(104)**	40
Group's share of (loss) profit and total comprehensive (expense) income of Baolong for the year	**(34)**	13

On 9 May 2013, the Group disposed of its 20% equity interests in Ningbo Kairui Investment Partnership to an independent third party at a cash consideration of approximately RMB25,799,000, resulting in a gain on disposal of approximately RMB4,395,000.

20. INTEREST IN A JOINT VENTURE

	2014 RMB'000	2013 RMB'000
Cost of investment in a joint venture, unlisted in the PRC	**24,473**	24,473
Share of post-acquisition losses	**(24,473)**	(24,473)
	–	–

20. INTEREST IN A JOINT VENTURE (Continued)

As at 31 December 2014 and 2013, the Group had interest in the following joint venture entity which 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 2014	2013	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:

	2014	2013
	RMB'000	*RMB'000*
Current assets	**14,430**	28,929
Non-current assets	**12,144**	8,275
Total assets	**26,574**	37,204
Current liabilities	**(31,758)**	(37,411)
Net liabilities	**(5,184)**	(207)
Carrying amount of the Group's share of net assets of Ulba	**–**	–
Included in the amounts disclosed above is:		
Cash and cash equivalents	**5,500**	220

20. INTEREST IN A JOINT VENTURE (Continued)

	2014 RMB'000	2013 RMB'000
Revenue	**16,976**	58,735
Loss and total comprehensive expense for the year	**(4,979)**	(24,270)
Group's share of loss and total comprehensive expense for the year	**(2,490)**	(12,032)

The Group has stopped recognised its share of losses of Ulba, when applying the equity method. The unrecognised share of Ulba, both for the year and cumulatively as set out below.

	2014 RMB'000	2013 RMB'000
The unrecognised share of loss of a joint venture for the year	**(2,490)**	(103)
Cumulative unrecognised share of loss of a joint venture	**(2,593)**	(103)

21. AVAILABLE-FOR-SALE INVESTMENT

	2014 RMB'000	2013 RMB'000
Unlisted equity investment fund in the PRC, at cost	**33,908**	35,000

The Group's available-for-sale investment as at 31 December 2014 and 2013 is held by a 60% owned subsidiary (the "AFS Subsidiary").

The available-for-sale investment is 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 the fair values cannot be measured reliably.

21. AVAILABLE-FOR-SALE INVESTMENT (Continued)

On 13 June 2014, the fund manager of the available-for-sale investment announced a downsizing of the investment fund and made a refund of capital investment of approximately RMB1,092,000 to the Group. No gain or loss is recognised.

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 as at 1 January 2013 at a cash consideration of approximately RMB3,150,000, resulting in a gain on disposal of approximately RMB280,000.

As at 31 December 2013, 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 manager and concluded that no impairment loss should be recognised.

As at 31 December 2014, the directors of the Company, with reference to the consideration for the disposal of the 60% interests in the AFS subsidiary of RMB20.8 million, concluded that no impairment loss should be recognised. Further details are set out in note 41(ii).

Subsequent to the end of reporting period, the Group disposed of its 60% equity interests in the AFS Subsidiary for a cash consideration of RMB20.8 million to an independent third party.

22. INVENTORIES

	2014	2013
	RMB'000	*RMB'000*
Raw materials	**68,286**	55,605
Work-in-progress	**240,205**	289,438
Finished goods	**111,162**	82,375
Others	**637**	491
	420,290	427,909

As at 31 December 2014, inventories of the Group of approximately RMB338,000,000 (2013: RMB355,089,000) have been pledged as security for banking facilities granted to the Group.

23. TRADE AND OTHER RECEIVABLES

	2014 RMB'000	2013 RMB'000
Trade and bills receivables	**381,860**	306,098
Trade receivable due from a joint venture	**10,090**	14,562
Sub-total	**391,950**	320,660
Less: accumulated impairment on trade receivable due from a joint venture	**(4,782)**	(4,782)
	387,168	315,878
Other receivables	**76,153**	41,003
Prepayments	**66,367**	86,551
Current portion of lease prepayments	**359**	750
Trade and other receivables	**530,047**	444,182

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

The Group allows a credit period of 30 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.

	2014 RMB'000	2013 RMB'000
Within 3 months	**280,005**	260,596
Over 3 months but less than 6 months	**90,742**	47,621
Over 6 months but less than 1 year	**11,070**	4,508
Over 1 year	**5,351**	3,153
	387,168	315,878

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.

23. TRADE AND OTHER RECEIVABLES (Continued)

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of RMB107,163,000 (2013: RMB55,282,000) 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:

	2014	2013
	RMB'000	*RMB'000*
Over 3 months but less than 6 months	**85,242**	47,621
Over 6 months but less than 1 year	**11,070**	4,508
Over 1 year	**10,851**	3,153
	107,163	55,282

Movement in the impairment on trade receivables from a joint venture:

	2014	2013
	RMB'000	*RMB'000*
At 1 January	**4,782**	–
Impairment losses recognised	**–**	4,782
At 31 December	**4,782**	4,782

Included in the impairment on trade receivables are individually impaired trade receivables of RMB4,782,000 (2013: RMB4,782,000) since the directors of the Company considered the prolonged outstanding balance was uncollectible.

As at 31 December 2014, the Group's trade and other receivables with a carrying value of approximately RMB133,008,000 (2013: RMB80,800,000) has been pledged to secure general banking facilities granted to the Group.

23. TRADE AND OTHER RECEIVABLES (Continued)

Included in the Group's other receivables as at 31 December 2014 were deposits of approximately RMB10,141,000 (2013: RMB12,182,000) 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 2014 were interest receivables of approximately RMB578,000 (2013: RMB578,000) from non-controlling interests which are unsecured, interest free and repayable on demand.

24. LOAN RECEIVABLES

	2014	2013
	RMB'000	*RMB'000*
Loan receivables	**49,334**	60,396

The balances represent the principals and related interests receivables. The loan receivables are unsecured, non-interest bearing (2013: interest-bearing at fixed rate from 7.2% to 14.4% per annum) and repayable in December 2014 and denominated in RMB. The Group does not hold any collateral over its loan receivables.

Subsequent to the year end, the Group entered into an agreement with one of the borrower with outstanding balance of approximately RMB56,757,000 as at 31 December 2014 to settle the entire outstanding balance by RMB48,913,000 and thus approximately RMB7,844,000 (2013: nil) of the loan receivables was written off during the year ended 31 December 2014. The remaining balances as at 31 December 2014 were fully settled subsequent to year end.

25. DERIVATIVE FINANCIAL INSTRUMENTS

	2014	2013
	RMB'000	*RMB'000*
Derivative financial assets not under hedge accounting		
Copper future contacts	**3,809**	–
Derivative financial liabilities not under hedge accounting		
Copper future contacts	**–**	2,872

25. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

During the years ended 31 December 2014 and 2013, 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:

	2014	2013
	RMB'000	*RMB'000*
Sales contracts		
Volume (tonne)	**5,950**	3,786
Notional contract value	**72,162**	55,094
Market value	**(68,419)**	(57,485)
Fair value	**3,743**	(2,391)
Purchase contracts		
Volume (tonne)	**(225)**	(557)
Notional contract value	**(3,919)**	(28,096)
Market value	**3,985**	27,615
Fair value	**66**	(481)
Contract maturity date		January, February and March 2014

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 gains of RMB3,809,000 (2013: losses of RMB2,872,000) as at 31 December 2014, and the net realised and unrealised gains, in aggregate, of RMB22,039,000 (2013: RMB21,257,000) were recognised in profit or loss.

26. PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

Pledged bank deposits are pledged to banks to secure short-term bank borrowings granted to the Group and are therefore classified as current assets.

The pledged bank deposits carry fixed interest rate of 0.35% (2013: 0.35% per annum. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

Bank balances carry interest at market rates which range from 0.35% (2013: 0.35%) per annum.

27. TRADE AND OTHER PAYABLES

	2014 *RMB'000*	2013 *RMB'000*
Trade and bills payables	**450,990**	364,643
Trade payable due to a joint venture	**54**	219
Sub-total	**451,044**	364,862
Other payables*	**4,747**	6,731
Consideration payable for acquisition of property, plant and equipment	**60,710**	12,334
Accruals	**26,240**	19,318
Receipts in advance	**31,395**	45,815
Trade and other payables	**574,136**	449,060

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

	2014 *RMB'000*	2013 *RMB'000*
Within 3 months	**326,934**	257,037
Over 3 months but less than 6 months	**46,469**	57,533
Over 6 months but less than 1 year	**74,745**	47,713
Over 1 year	**2,896**	2,579
	451,044	364,862

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

* Included in other payables are interest-free advances of approximately RMB2,450,000 (2013: RMB2,450,000) received from a non-controlling interest (2013: a non-controlling interest). These interest-free advances are unsecured, interest-free and repayable on demand.

28. INTEREST-BEARING BORROWINGS

	2014 *RMB'000*	2013 *RMB'000*
Secured bank loans	**879,417**	558,765
Discounted bills	**132,015**	65,145
Unsecured bank loans	**114,059**	170,799
	1,125,491	794,709
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):		
Within one year	**840,800**	775,769
More than one year, but not exceeding two years	**284,691**	18,940
	1,125,491	794,709
Less: Amounts due within one year shown under current liabilities	**(840,800)**	(775,769)
Amounts shown under non-current liabilities	**284,691**	18,940

The bank loans and certain banking facilities were secured by the following assets:

	2014 *RMB'000*	2013 *RMB'000*
Carrying amount of assets pledged:		
Inventories	**338,000**	355,089
Trade and other receivables	**133,008**	80,800
Property, plant and equipment	**273,446**	249,723
Lease prepayments	**8,538**	28,465
Pledged bank deposits	**222,319**	103,294
	975,311	817,371

28. INTEREST-BEARING BORROWINGS (Continued)

During the year, the Group obtained new borrowings in the amount of approximately RMB1,842,722,000 out of which RMB1,511,940,000 had been repaid during the year while RMB46,091,000 and RMB284,691,000 was repayable in 2015 and 2016 respectively. These new borrowing bear interest at market rates. The proceeds were used to finance the acquisition of property, plant and equipment and general working capital.

Included in the interest-bearing borrowings as at 31 December 2014 are fixed-rate borrowings of approximately RMB947,500,000 (2013: RMB770,453,000) and carry interest rates ranging from 1.23% to 7.5% (2013: from 1.13% to 9.6%).

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 3.3% to 6.88% (2013: 2.16% to 6.72%) per annum.

29. DEFERRED INCOME

During the current year, the Group received a government subsidy of RMB34,260,000 (2013: RMB100,000) 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 RMB717,000 (2013: RMB573,000).

The movement for deferred income is as follows:

	2014 ***RMB'000***	2013 *RMB'000*
Balance as at 1 January	**9,513**	9,986
Additions during the year	**34,260**	100
Amortisation (included in other income)	**(717)**	(573)
Balance as at 31 December	**43,056**	9,513

30. DEFERRED TAXATION

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

	Accelerated tax depreciation	Impairment of trade receivables	Write-down on inventories	Change in fair value of derivative financial instruments	Withholding tax on profits retained by the Group's PRC subsidiaries	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
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 and at 1 January 2014	20,334	(1,196)	(654)	(564)	1,019	18,939
Effect of change in tax rate	(551)	–	255	188	–	(108)
Charge (credit) to consolidated statement of profit or loss	(5,223)	–	(1,947)	827	–	(6,343)
At 31 December 2014	**14,560**	**(1,196)**	**(2,346)**	**451**	**1,019**	**12,488**

As at 31 December 2014, deferred tax assets of approximately RMB3,542,000 (2013: RMB2,414,000 had been presented as an offset to deferred tax liabilities on the consolidated statement of financial position.

30. DEFERRED TAXATION (Continued)

At the end of the reporting period, the Group has unused tax losses of approximately RMB61,170,000 (2013: RMB54,403,000) 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. Tax losses of approximately RMB2,525,000 (2013: RMB2,182,000) were available to offset against future taxable profits indefinitely. The Group's unused tax losses expire within next five years are as follows:

	2014 ***RMB'000***	2013 *RMB'000*
Tax loss expiring on 31 December 2014	**–**	2,191
Tax loss expiring on 31 December 2015	**4,185**	4,185
Tax loss expiring on 31 December 2016	**3,867**	3,687
Tax loss expiring on 31 December 2017	**11,027**	18,058
Tax loss expiring on 31 December 2018	**17,544**	23,920
Tax loss expiring on 31 December 2019	**22,022**	–
	58,645	52,221

During the year ended 31 December 2014, unused tax losses of approximately RMB2,201,000 (2013: RMB767,000) were derecognised upon the deregistration of certain non-operating subsidiaries.

At the end of the reporting period, the Group has deductible temporary differences of RMB40,075,000 (2013: RMB22,097,000). A deferred tax asset has been recognised in respect of RMB21,868,000 (2013: RMB9,656,000) of such deductible temporary differences. No deferred tax asset has been recognised in respect of the remaining deductible temporary differences of approximately RMB18,207,000 (2013: RMB12,441,000) as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised. During the year ended 31 December 2014, deductible temporary differences of approximately RMB5,414,000 (2013: nil) were derecognised upon the deregistration of certain non-operating subsidiaries.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries amounted to RMB93,881,000 (2013: RMB115,110,000). No deferred tax liabilities have been recognised in respect of undistributed earnings of RMB73,501,000 (2013: RMB94,730,000) 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	Share capital
	'000	*HK$'000*
Ordinary shares of HK$0.1 each		
Authorised		
At 1 January 2013, 31 December 2013 and 31 December 2014	5,000,000	500,000

	Number of shares	Share capital	
	'000	*HK$'000*	*RMB'000*
Issued and fully paid			
At 1 January 2013, 31 December 2013, and 31 December 2014	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 Company's share option scheme as set out in note 32.

32. EQUITY-SETTLED SHARE-BASED PAYMENTS

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 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.

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

Share option scheme (Continued)

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 (the "First Tranche 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.

As at 31 December 2013, 39,660,000 options under the First Tranche Options remained outstanding. On 31 March 2014, all these share options were cancelled. Equity-settled share-based payments of approximately RMB2,312,000 was recognised in the profit or loss of the year ended 31 December 2014. An aggregate amount of RMB9,908,000 was transferred from share-based compensation reserve to retained earnings.

On 1 April 2014, a total of 11,896,000 share options were granted to certain directors and employees of the Company with an exercise price of HK$0.65 per share. On 26 May 2014, a total of 2,100,000 share options were granted to certain directors and employees of the Company with an exercise price of HK$0.53 per share (collectively the "Second Tranche Options"). The Second Tranche Options are exercisable from their respective date of grant until 31 March 2015 (both dates inclusive). Equity-settled share-based payments of approximately RMB351,000 were recognised in the profit or loss of the year ended 31 December 2014 in respect of the Second Tranche Options. An aggregate amount of RMB2,000 was transferred from share-based compensation reserve to retained earnings for 99,000 Second Tranche Options forfeited during the year ended 31 December 2014.

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 2014

Grant date	Exercise price	Exercisable period	Balance as at 1.1.2014	Cancelled during the year	Granted during the year	Forfeited during the year	Balance as at 31.12.2014
19.3.2012	HK$1.34	19.3.2013 to 30.6.2016	**39,660,000**	**(39,660,000)**	**–**	**–**	
1.4.2014	HK$0.65	1.4.2014 to 31.3.2015	**–**	**–**	**11,896,000**	**(99,000)**	**11,797,000**
26.5.2014	HK$0.53	26.5.2014 to 31.3.2015	**–**	**–**	**2,100,000**	**–**	**2,100,000**
			39,660,000	**(39,660,000)**	**13,996,000**	**(99,000)**	**13,897,000**
Exercisable at the end of the year							**13,897,000**
Weighted average exercise price			**HK$1.34**	**HK$1.34**	**HK$0.63**	**HK$0.65**	**HK$0.63**

For the year ended 31 December 2013

Grant date	Exercise price	Exercisable period	Balance as at 1.1.2013	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	(48,000)	(240,000)	39,660,000
Exercisable at the end of the year						13,220,000
Weighted average exercise price			HK$1.34	HK$1.34	HK$1.34	HK$1.34

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

Share option scheme (Continued)

As at 31 December 2014, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 13,987,000 (2013: 39,660,000), representing 4.61% (2013: 5.67%) 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 variables and assumptions used in computing the fair value of the share options are based on directors' best estimate. The inputs into the model were as follows:

	Date of grant	
	1.4.2014	**26.5.2014**
Weighted average share price	HK$0.6	HK$0.53
Exercise price	HK$0.65	HK$0.53
Expected volatility	29.38%	30.48%
Expected life	1 year	1 year
Risk-free rate	0.164%	0.164%
Expected dividend yield	9.05%	10.28%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous one year. 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 RMB2,663,000 for the year ended 31 December 2014 (2013: RMB3,493,000) 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:

	2014	2013
	RMB'000	*RMB'000*
Within one year	**288**	1,264
Over one year but less than five year	**–**	512
	288	1,776

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 for both years.

34. CAPITAL AND OTHER COMMITMENTS

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

	2014	2013
	RMB'000	*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	**39,707**	230,708
– Available-for-sale investment	**–**	15,000
	39,707	275,993

35. RETIREMENT BENEFITS SCHEME

The Group operates a pension scheme under the rules and regulations of the Mandatory Provident Fund Schemes Ordinance (the "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$1,500 per month (or HK$1,250 prior to June 2014), as a mandatory contribution or 5% of the relevant monthly payroll costs to the MPF Scheme.

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 RMB14,769,000 (2013: RMB7,736,000) 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.

	2014 ***RMB'000***	2013 *RMB'000*
Carrying amount of transferred assets	**137,753**	66,000
Carrying amount of associated liabilities	**(132,015)**	(65,145)
	5,738	855

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	2014 RMB'000	2013 RMB'000
Hu Mingda and Hu Minglie	*	Interest income	–	201
Ulba	Joint venture	Sales of goods	948	8,262
		Purchase of goods	2,903	6,711
		Rental income	–	583

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. Hu Minglie was appointed as an executive director of the Company on 17 November 2014. 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.

(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:

	2014 RMB'000	2013 RMB'000
Short-term benefits	3,109	3,041
Post-employment benefits	40	24
Share-based payments expense	280	736
	3,429	3,801

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:

	2014	2013
	RMB'000	*RMB'000*
Non-current asset		
Investments in unlisted subsidiaries	**407,249**	407,249
Current assets		
Amount due from subsidiaries *(note i)*	**273,837**	280,048
Cash and cash equivalents	**2,730**	964
	276,567	281,012
Current liabilities		
Other payables	**1,155**	986
Amount due to subsidiaries *(note i)*	**–**	21,863
	1,155	22,849
Net current assets	**275,412**	258,163
	682,661	665,412
Capital and Reserves		
Share capital *(note 31(a)) (note ii)*	**64,881**	64,881
Reserves *(note ii)*	**617,780**	600,531
	682,661	665,412

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 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 income for the year	–	–	(8,272)	–	–	–	(8,272)
Total comprehensive income for the year	–	–	(8,272)	–	–	19,521	11,249
Dividend approved in respect of previous year	–	–	–	–	–	(27,840)	(27,840)
Equity-settled share-based payments	–	–	–	3,493	–	–	3,493
Share options lapsed	–	–	–	(51)	–	51	–
At 31 December 2013 and at 1 January 2014	64,881	227,978	(42,987)	7,596	407,248	696	665,412
Profit for the year	–	–	–	–	–	13,619	13,619
Other comprehensive expense for the year	–	–	967	–	–	–	967
Total comprehensive income for the year	–	–	967	–	–	13,619	14,586
Equity-settled share-based payments	–	–	–	2,663	–	–	2,663
Share options cancelled	–	–	–	(9,908)	–	9,908	–
Share options lapsed	–	–	–	(2)	–	2	–
At 31 December 2014	64,881	227,978	(42,020)	349	407,248	24,225	682,661

* 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. CHANGES IN OWNERSHIP INTEREST IN A SUBSIDIARY WITHOUT LOSS OF CONTROL

In December 2014, the Group entered into a sale and purchase agreement with Shanghai Yuanzhan Cangsong Investment Limited Partnership ("Cangsong") to dispose of 0.1% out of its 100% interest in Xingye Shengtai at a consideration of RMB534,000. This resulted in an increase in non-controlling interests of RMB690,000 and decrease in equity attributable to owners of the Company of RMB156,000. The effect of disposal of 0.1% interest in Xingye Shengtai without loss of control is as follow:

	2014 *RMB'000*
Carrying amount of the interest disposed of	(690)
Consideration received from non-controlling interests	534
Difference recognised in retained earnings	(156)

After the completion of such disposal, the registered capital of Xingye Shenghai was increased from US$69,800,000 to RMB700,000,000. Following to the change in registered capital of Xingye Shengtai, Cangsong made a capital contribution of RMB14,904,000 in cash to Xingye Shengtai. The Group's equity interest in Xingye Shengtai was diluted to 97.8%. The effect of such dilution of interest in Xingye Shengtai without loss of control is as follow:

	2014 *RMB'000*
Carrying amount of the interest disposed of	(15,938)
Consideration received from non-controlling interests	14,904
Difference recognised in retained earnings	(1,034)

The directors of the Company, Hu Changyuan, Chen Jianhua, Wang Jianli, Ma Wanjun and Hu Minglie, each has 5.13%, 1.28%, 5.13%, 1.28% and 5.13%, respectively, interests in paid-up capital of Cangsong. Yuanzhan Equity Investment Management (Shanghai) Company Limited ("Yuanzhan Equity Investment") has 0.13% interest in paid-up capital of Cangsong. Hu Minglie is a partner and chairman of Yuanzhan Equity Investment.

40. PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries held by the Company as at 31 December 2014 and 2013 are as follows:

Name of subsidiaries	Place and date of incorporation/ establishment and operation	Classes of shares held	Fully paid registered capital	Equity interest and voting power attributable to the Company 2014	2013	Principal activities
Xingye Shengtai*	PRC 30 November 2001	Paid-up capital	RMB651,362,826 (2013: US$69,800,000)	97.8%	100%	Manufacture and sales of high precision copper plates and strips
Yingtan Xingye#	PRC 13 November 2006	Paid-up capital	RMB95,000,000 (2013: 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
Shanghai Yuanzhan Houde Investment Partnership ("Houde")**	PRC 10 April 2013	Paid-up capital	RMB34,788,000 (2013: RMB44,800,000)	60%	60%	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*

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, 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.

40. PRINCIPAL SUBSIDIARIES (Continued)

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	Principal place of operation	Number of subsidiaries 2014	2013
Manufacture and sales of copper plates and strips	PRC	**8**	8
Investment holding	HK	**2**	3
Trading of copper plates and strips	HK	**2**	2

(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/Country of incorporation on or registration/operations	Proportion of ownership interests held by non-controlling interests		Proportion of voting rights held by non-controlling interests		(Loss) profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
				(note)	*(note)*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Xingye Shengtai	PRC	**2.2%**	N/A	**2.2%**	N/A	**–**	N/A	**16,628**	–
Houde	PRC	**40%**	40%	**40%**	40%	**188**	(17)	**13,932**	14,283
Individually immaterial subsidiaries with non-controlling interests								**5,892**	5,284
								36,452	19,567

40. PRINCIPAL SUBSIDIARIES (Continued)

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

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

	2014 **RMB'000**	2013 *RMB'000*
Current assets	**1,278,679**	N/A
Non-current assets	**1,015,471**	N/A
Total assets	**2,294,150**	N/A
Current liabilities	**1,255,633**	N/A
Non-current liabilities	**276,835**	N/A
Total liabilities	**1,532,468**	N/A
Net assets	**761,682**	N/A
Equity attributable to owners of the Company	**739,162**	N/A
Non-controlling interests	**22,520**	N/A
Total equity	**761,682**	N/A
Revenue	**3,152,681**	N/A
Expenses	**216,573**	N/A
Profit and total comprehensive income for the year	**61,486**	N/A
Profit and total comprehensive income:		
Attributable to owners of the Company	**60,877**	N/A
Attributable to the non-controlling interests	**609**	N/A
Profit and total comprehensive income for the year	**61,486**	N/A
Net cash inflow from operating activities	**249,844**	N/A
Net cash outflow from investing activities	**(287,689)**	N/A
Net cash outflow from financing activities	**(31,862)**	N/A
Net cash outflow	**(69,707)**	N/A

40. PRINCIPAL SUBSIDIARIES (Continued)

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

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

	2014 RMB'000	2013 RMB'000
Current assets	**1,649**	1,436
Non-current assets	**33,908**	35,000
Total assets	**35,557**	36,436
Current liabilities	**(726)**	(726)
Net assets	**34,831**	35,710
Equity attributable to owners of the Company	**20,899**	21,427
Non-controlling interests	**13,932**	14,283
Total equity	**34,831**	35,710
Revenue	**470**	612
Expenses	**–**	666
Profit (loss) and total comprehensive income (expense) for the year	**470**	(54)
Profit (loss) and total comprehensive income (expense):		
Attributable to owners of the Company	**282**	(37)
Attributable to the non-controlling interests	**188**	(17)
Profit (loss) and total comprehensive income (expense) for the year	**470**	(54)
Net cash (outflow) inflow from operating activities	**(576)**	232
Net cash inflow from investing activities	**540**	9,803
Net cash outflow from financing activities	**–**	(10,300)
Net cash outflow	**(36)**	(265)

41. EVENTS AFTER THE REPORTING PERIOD

(i) In accordance with the Company's announcement dated 16 February 2015, 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 approximately HK$39,440,000 (equivalent to approximately RMB31,113,000).

(ii) On 18 March 2015, the Group entered into an agreement for the disposal of its 60% equity interests in the AFS Subsidiary to an independent third party for a cash consideration of RMB20.8 million. The disposal was completed on 18 March 2015 and no material gain or loss expected.

Further details of the disposal had been set out in the Company's announcements dated 18 March 2015 and 20 March 2015.

42. COMPARATIVE FIGURES

In the current year, the directors conducted a review of the classification of expenses in relation to its research and development activities and considered that such expenses should be classified under administrative expenses instead of cost of sales. Accordingly, research and development expenses of approximately RMB95,090,000 for the year ended 31 December 2013 had been reclassified from cost of sales to administrative expenses to conform with the current year's presentation. As a consequential impact, segment profit for the year ended 31 December 2013 had also been restated. Such reclassification did not have any impact on the Group's consolidated statement of financial position of the Group. Accordingly, the consolidated statement of financial position of the Group at 1 January 2013 had not been presented.

Five Years Financial Summary

RESULTS

	2014 RMB'000	2013 RMB'000 (Restated)	2012 RMB'000	2011 RMB'000	2010 RMB'000
Turnover	**3,370,976**	3,603,600	3,229,126	3,508,781	2,894,048
Gross profit	**269,437**	217,472	147,671	180,614	226,608
Profit attributable to equity shareholders of the Company	**18,753**	8,998	32,411	89,671	98,690

EARNINGS PER SHARE

	2014	2013	2012	2011	2010
Basic earnings per share[1] *(RMB)*	**0.03**	0.01	0.05	0.13	0.15
Diluted earnings per share[1] *(RMB)*	**0.03**	0.01	0.05	0.13	0.14

ASSETS, LIABILITIES AND EQUITY

	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000	2010 RMB'000
Non-current assets	**1,126,052**	877,265	750,249	615,629	601,836
Current assets	**1,348,857**	1,092,511	1,150,905	1,419,111	1,384,418
Total assets	**2,474,909**	1,969,776	1,901,154	2,034,740	1,986,254
Non-current liabilities	**340,235**	47,392	31,295	21,780	23,362
Current liabilities	**1,417,504**	1,239,470	1,171,414	1,330,505	1,323,222
Total liabilities	**1,757,739**	1,286,862	1,202,709	1,352,285	1,346,584
Net current (liabilities)/assets	**(68,647)**	(146,959)	(20,509)	88,606	61,196
Total assets less current liabilities	**1,057,405**	730,306	729,740	704,235	663,032
Total equity attributable to equity shareholders of the Company	**680,718**	663,347	680,042	679,015	637,283
Minority interests	**36,452**	19,567	18,403	3,440	2,387

Five Years Financial Summary

FINANCIAL RATIOS AND OTHER FINANCIAL INFORMATION

	2014	2013 (Restated)	2012	2011	2010
EBITDA (RMB'000)	**125,702**	117,172	154,902	230,665	203,108
Profitability ratios:					
Gross profit margin(2) (%)	**8.0%**	6.0%	4.6%	5.1%	7.8%
Operating profit margin(3) (%)	**2.2%**	1.8%	3.3%	5.1%	5.6%
Net profit margin(4) (%)	**0.6%**	0.3%	1.0%	2.6%	3.4%
EBITDA margin(5) (%)	**3.7%**	3.3%	4.7%	6.4%	7.3%
Rate of return on equity(6) (%)	**2.8%**	1.4%	4.8%	13.2%	15.5%
Liquidity ratios:					
Current ratio(7) (times)	**1.0**	0.9	1.0	1.1	1.0
Quick ratio(8) (times)	**0.7**	0.5	0.6	0.7	0.6
Inventory turnover(9) (days)	**32**	38	43	48	45
Trade receivable turnover(10) (days)	**49**	45	38	34	29
Trade payable turnover(11) (days)	**60**	45	44	33	18
Capital adequacy ratios:					
Gearing ratio(12) (%)	**45.5%**	40.3%	40.3%	41.5%	50.4%
Net gearing ratio(13) (%)	**114.6%**	95.7%	82.6%	84.1%	120.3%
Interest coverage ratio(14) (times)	**2.8**	2.4	3.1	4.4	5.4

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.