XINGYE COPPER INTERNATIONAL GROUP LIMITED
興業銅業國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 505)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

The board of directors (the "Board") of Xingye Copper International Group Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2014 together with comparative figures for the year ended 31 December 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2014

	Notes	**2014** **RMB'000**	2013 RMB'000 (Restated)
Revenue	4	**3,370,976**	3,603,600
Cost of sales		**(3,101,539)**	(3,386,128)
Gross profit		**269,437**	217,472
Other income	5	**21,280**	35,928
Other gains and losses, net	6	**(20,955)**	18,541
Distribution expenses		**(26,205)**	(24,030)
Administrative expenses		**(169,821)**	(172,382)
Share of result of an associate		**(34)**	334
Share of result of a joint venture		**–**	(12,032)
Finance costs	7	**(44,966)**	(42,345)
Profit before tax		**28,736**	21,486
Income tax expenses	8	**(9,186)**	(11,866)
Profit for the year		**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)	9	**0.03**	0.01
Diluted (RMB)	9	**0.03**	0.01

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2014

	2014	2013
	RMB'000	*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	11	**1,058,412**	728,155
Lease prepayments		**14,557**	29,714
Interest in an associate		**6,579**	6,613
Interest in a joint venture		**–**	–
Available-for-sale investment		**33,908**	35,000
Deposits for acquisition of property, plant and equipment		**12,596**	77,783
		1,126,052	877,265
Current assets			
Inventories	12	**420,290**	427,909
Trade and other receivables	13	**530,047**	444,182
Loan receivables		**49,334**	60,396
Derivative financial instruments		**3,809**	–
Pledged bank deposits		**222,319**	103,294
Cash and cash equivalents		**123,058**	56,730
		1,348,857	1,092,511
Current liabilities			
Trade and other payables	14	**574,136**	449,060
Derivatives financial instruments		**–**	2,872
Interest-bearing borrowings	15	**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	15	**284,691**	18,940
Deferred income		**43,056**	9,513
Deferred tax liabilities		**12,488**	18,939
		340,235	47,392
Net assets		**717,170**	682,914
Capital and Reserves			
Share capital		**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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

Xingye Copper International Group Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on 19 July 2007 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands and its principal place of business is 1 Linfang Road Bailiangqiao, Zonghan, Cixi City, Ningbo City, Zhejiang Province, 315301, the People's Republic of China ("PRC"). As at the end of the reporting period and the date of these consolidated financial statements, the Company did not have any holding company.

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

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 RMB199 million repayable within one year as at 31 December 2014 to 2016, and the Group's unutilised banking facilities of 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.

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 catergorised 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. The directors of the Company consider that the application of the amendments to IAS 36 has had no material impact on the disclosures in the Group's consolidated financial statements.

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]
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*[5]
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 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 revised 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 requirements by introducing a in '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.

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.

- 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. Unser 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.

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 amendments should be applied prospectively.

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.

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.

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.

Annual Improvements to IFRSs 2010-2012 Cycle

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

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

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

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

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

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

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

The directors 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 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.

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 a significant update to 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.

Amendments to IFRS 10 and IAS 28 Sale and 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.

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.

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.

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.

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.

4. 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.

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

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 results of associates						13
Share of result of a joint venture						(12,032)
Consolidated profit before tax						21,486

Segment profit/loss represents the profit earned by/loss from each segment without allocation of distribution expenses, administrative expenses, certain other income, certain other gains and losses, net, share of results of associates, 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.

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

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).

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 certain 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.

Other segment information

	Jointly shared by sales of copper products, trading of raw materials and provision of processing services *RMB'000*	Investments *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
For the year ended 31 December 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**

	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

5. OTHER INCOME

	2014	2013
	RMB'000	*RMB'000*
Government grants		
– amortisation of deferred income	**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.

6. OTHER GAINS AND LOSSES, NET

	2014	2013
	RMB'000	*RMB'000*
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		
– 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)

7. FINANCE COSTS

	2014	2013
	RMB'000	*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.

8. INCOME TAX EXPENSES

	2014	2013
	RMB'000	*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	**(6,451)**	(950)
	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 on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries and the associate registered in PRC is 25% from 1 January 2008 onwards. The provision for PRC income tax is based on the respective corporate income tax rates applicable to the subsidiaries located in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC.

(d) On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC ("the New Tax Law"). Pursuant to the New Tax Law, 5% withholding tax is levied on the foreign investor in respect of dividend distributions arising from the profits of a foreign investment enterprise in the PRC earned after 1 January 2008. Deferred tax liabilities have been recognised for undistributed retained earnings of the Group's PRC subsidiaries to the extent that the earnings would be distributed in the foreseeable future.

(e) One of the Group's subsidiaries registered in the PRC, 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%.

9. EARNINGS PER SHARE

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

	2014	2013
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share, being profit for the year attributable to the owners of the Company	**18,753**	8,998

	2014	2013
	'000	*'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.

10. DIVIDENDS

	2014	2013
	RMB'000	*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).

11. PROPERTY, PLANT AND EQUIPMENT

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.

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 these assets become idle following the Group's significant capital investments made in recent years. 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.

12. 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.

13. TRADE AND OTHER RECEIVABLES

	2014	2013
	RMB'000	*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	2013
	RMB'000	*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.

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.

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 and repayable on demand.

14. TRADE AND OTHER PAYABLES

	2014	2013
	RMB'000	*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	2013
	RMB'000	*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. These interest-free advances are unsecured, interest-free and repayable on demand.

15. INTEREST-BEARING BORROWINGS

	2014	2013
	RMB'000	*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	2013
	RMB'000	*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 deposits	**80,879**	103,294
	833,871	817,371

During the year, the Group obtained new borrowings in the amount of approximately RMB1,842,772,000. 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.

16. 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. The reclassification did not have any impact on the Group's consolidated statement of financial position of the Group, the consolidated statement of financial position of the Group at 1 January 2013 had not been presented.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Market review

The price of copper in the international market fluctuated considerably in the first and second quarters of 2014, to be followed by a downward trend in the second half of the year, finally hitting bottom by 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 RMB833.9 million (31 December 2013: RMB817.4 million) to secure bank loan 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.

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.

PROSPECTS

2015 will be a year of innovation. In order to strengthen the Group's leadership role in the Chinese copper industry, we will launch the "Three Innovations" program. The innovation in products will aim at the development of a set of advance products that target the medium to high end customer segments who currently are the supporter 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.

The recent drop in copper price at the beginning of 2015 posted mixed signals to the outlook of the market. While the turbulence in the European market may continue and that may further worsen the demand hence pushing down further the price of the copper, the perceived crisis may also open a growth opportunity for our company. Several copper products sectors of the domestic market will continue to growth 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 line 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 had accumulated in the past.

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 announcement, 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.

DIVIDENDS

The Board do 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.

PUBLICATION OF 2014 ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Company's website (www.xingyecopper.com) and the Stock Exchange's website (www.hkexnews.com.hk). The Company's 2014 Annual Report and Notice of annual general meeting will be made available on the websites of the Company and Stock Exchange and will be despatched to the Company's shareholders in due course.

By order of the Board
Hu Changyuan
Chairman

Hong Kong, 27 March 2015

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