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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR YEAR ENDED 31 DECEMBER 2007

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 2007 together with comparative figures for the year ended 31 December 2006 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2007

	Note	2007 RMB'000	2006 RMB'000
Turnover	4	**2,096,133**	1,512,430
Cost of sales		**(1,878,803)**	(1,329,031)
Gross profit		**217,330**	183,399
Other operating income	6	**20,533**	6,541
Distribution expenses		**(11,959)**	(8,323)
Administrative expenses		**(25,749)**	(41,411)
Other operating expenses	7	**(3,349)**	(4,529)
Result from operating activities		**196,806**	135,677
Finance income		**3,948**	1,176
Finance expenses		**(37,277)**	(21,301)
Net finance costs	8	**(33,329)**	(20,125)
Profit before income tax		**163,477**	115,552
Income tax	9	**(12,632)**	(8,856)
Profit for the year		**150,845**	106,696
Attributable to:			
Equity holders of the Company		**150,845**	106,696
Minority interests		**–**	–
Profit for the year		**150,845**	106,696
Dividends payable to equity holders of the Company attributable to the year			
– Dividend declared during the year	10	**134,436**	85,879
– Final dividend proposed after the balance sheet date		**39,218**	30,680
Earnings per share			
Basic earnings per share *(RMB)*	11	**0.33**	0.24
Diluted earnings per share *(RMB)*	11	**0.33**	N/A

CONSOLIDATED BALANCE SHEET
As at 31 December 2007

	Note	2007 RMB'000	2006 RMB'000
Non-current assets			
Property, plant and equipment		**477,897**	478,708
Lease prepayments		**14,885**	12,346
		492,782	491,054
Current assets			
Inventories		**279,282**	236,080
Trade and other receivables	*12*	**299,402**	145,193
Pledged deposits		**19,710**	128,763
Cash and cash equivalents		**227,927**	37,688
		826,321	547,724
Current liabilities			
Interest-bearing borrowings		**526,411**	527,515
Derivative financial instruments		**946**	–
Trade and other payables	*13*	**139,268**	167,437
Income tax payables		**2,484**	469
		669,109	695,421
Net current assets/(liabilities)		**157,212**	(147,697)
Total assets less current liabilities		**649,994**	343,357
Non-current liabilities			
Interest-bearing borrowings		**104,000**	4,000
Deferred tax liabilities		**8,013**	6,783
		112,013	10,783
Net assets		**537,981**	332,574
Capital and reserves			
Share capital		**56,172**	–
Reserves		**481,809**	332,074
Total attributable to equity holders of the Company		**537,981**	332,074
Minority interests		**–**	500
Total equity		**537,981**	332,574

NOTES TO THE FINANCIAL INFORMATION

1. Reorganisation

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. As a result of the Reorganisation of the Group (the "Reorganisation") which took place for purpose of listing of the shares of the Company (the "Shares") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the subsidiaries now comprising the Group in September 2007. Details of the Reorganisation are set out in the prospectus of the Company dated 12 December 2007. The Shares were listed on the Stock Exchange on 27 December 2007 (the "Listing Date").

2. Basis of presentation and preparation

The Group is regarded as a continuing entity resulting from the Reoganisation of entities under common control. The consolidated financial statements have been prepared on the basis that the Company was the holding company of the Group for both years presented, rather than from the date when the Company became the holding company of the Group pursuant to the Reorganisation. Accordingly, the consolidated results of the Group for the years ended 31 December 2006 and 2007 include the results of the Company and its subsidiaries with effect from 1 January 2006 or, if later, since their respective dates of incorporation or at the date that common control was established as if the current group structure had been in existence throughout the two years presented. The consolidated balance sheets at 31 December 2006 and 31 December 2007 have been prepared on the basis that the current group structure was in place with effective from 1 January 2006. All material intra-group transactions and balances have been eliminated on consolidation.

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") promulgated by the International Accounting Standards Board ("IASB"). IFRSs include International Accounting Standard ("IAS") and related interpretations. These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

3. New and Revised IFRSs

The IASB has issued a number of new and revised IFRSs and Interpretations that are first effective or available for early adoption for the current accounting period of the Group. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies applied in these consolidated financial statements for the years presented.

Both IFRS 7 and the amendment to IAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial instruments.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. Turnover

The principal activities of the Group are the manufacturing and sale of high precision copper plates and strips and the provision of processing services.

The sales value of goods sold is stated after allowances for goods returned and deduction of any trade discounts, and excludes value added tax or other sales taxes.

The amount of each significant category of revenue recognised during the years is as follows:

	Year ended 31 December	
	2007	2006
	RMB'000	*RMB'000*
Sales of goods	**1,977,857**	1,399,906
Processing services	**118,276**	112,524
	2,096,133	1,512,430

5. Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

In presenting the information on the basis of business segments, segment turnover is based on sales of goods and processing services. The Group's assets and liabilities are jointly used by the two segments, the allocation would be arbitrary and not understandable, and accordingly, no analysis on segment assets, liabilities and capital expenditure is provided.

	Year ended 31 December	
	2007	2006
	RMB'000	*RMB'000*
Revenue		
Sales of goods	**1,977,857**	1,399,906
Processing services	**118,276**	112,524
	2,096,133	1,512,430
Segment result		
Sales of goods	**177,340**	154,549
Processing services	**39,990**	28,850
	217,330	183,399
Unallocated operating expenses net-off income	**(20,524)**	(47,722)
Result from operating activities	**196,806**	135,677
Net finance costs	**(33,329)**	(20,125)
Income tax expense	**(12,632)**	(8,856)
Profit for the year	**150,845**	106,696

In presenting the information on the basis of geographic segments, segment turnover is based on the geographical location of customers. The Group's assets and liabilities are almost all located in the PRC, and accordingly, no analysis on segment assets, liabilities and capital expenditure is provided.

	Year ended 31 December	
	2007	2006
	RMB'000	*RMB'000*
Revenue		
The PRC	**1,659,077**	1,153,105
Overseas	**437,056**	359,325
	2,096,133	1,512,430

6. Other operating income

	Year ended 31 December	
	2007	2006
	RMB'000	*RMB'000*
Government grants	**16,711**	4,252
Net gain on disposal of property, plant and equipment	**–**	381
Gain on derivative financial instruments	**655**	–
Others	**3,167**	1,908
	20,533	6,541

The Group has been awarded unconditional government grants, amounted to RMB16,711,000 and RMB4,252,000 during 2007 and 2006 respectively. They were related to encouragement of the Group's development in the industry.

7. Other operating expenses

	Year ended 31 December	
	2007	2006
	RMB'000	*RMB'000*
Donation	**317**	300
Loss on derivative financial instruments	**–**	1,012
Water conservancy fund	**2,421**	3,043
Others	**611**	174
	3,349	4,529

8. Net finance costs

	Year ended 31 December	
	2007	2006
	RMB'000	*RMB'000*
Interest expense	**36,308**	19,261
Bank charges	**969**	1,100
Net foreign exchange loss	**–**	940
Finance expenses	**37,277**	21,301
Net foreign exchange gain	**(2,127)**	–
Interest income	**(1,821)**	(1,176)
Finance income	**(3,948)**	(1,176)
Net finance costs	**33,329**	20,125

9. Income tax

(i) Income tax expense in the consolidated income statements represents:

	Year ended 31 December	
	2007	2006
	RMB'000	*RMB'000*
Current tax expense		
Provision for PRC income tax	**11,402**	7,839
Deferred tax		
Originating and reversal of temporary differences	**1,230**	1,017
	12,632	8,856

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

(b) No provision for Hong Kong profits tax has been made for the year as the Group did not have any assessable profit subject to Hong Kong profits tax during the year.

(c) 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. The applicable tax rate of Ningbo Xingye Electronic Copper Strip Co., Ltd. ("Xingye Electronic"), Ningbo Shengtai Electronic Metal Materials Co., Ltd. ("Shengtai") and Yingtan Xingtai Copper Co., Ltd. ("Xingtai Copper"), the Group's major operating subsidiaries are 26.4%, 26.4% and 33% respectively.

Pursuant to the foreign enterprises income tax rules and regulations of the PRC ("FEIT Law"), the subsidiaries located in the PRC are entitled to a tax holiday ("Tax Holiday") which comprises of a two-year tax-free period from their first profit-making followed by a three-year period of a 50% reduction in the applicable income tax rates.

As 2003 was the first year when Xingye Electronic recorded assessable profits, Xingye Electronic is entitled to an exemption from PRC income tax for 2003 and 2004 and to a 50% reduction in the applicable income tax rate for 2005 to 2007.

As 2006 was the first year when Shengtai recorded assessable profits, Shengtai is entitled to an exemption from PRC income tax for 2006 and 2007 and to a 50% reduction in the applicable income tax rate for 2008 to 2010.

(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 ("New Tax Law"). According to the New Tax Law, the applicable tax rate of the Group's subsidiaries in the PRC are unified at 25% with effect from 1 January 2008. Pursuant to the transitional arrangement under the New Tax Law, Shengtai will continue to enjoy the tax-exemption or 50% reduction on the applicable income tax rate under the New Tax Law until the expiry of the Tax Holidays previously granted under the FEIT Law, and thereafter it will be subjected to the unified income tax rate of 25%. The new rate has been used to measure the Group's deferred tax assets and liabilities as at 31 December 2007. The enactment of the New Tax Law is not expected to have any financial effect on the amounts accrued in the consolidated balance sheet in respect of current tax payable.

(ii) *Reconciliation between tax expense and accounting profit at applicable tax rate:*

	Year ended 31 December	
	2007	2006
	RMB'000	*RMB'000*
Profit before tax	**163,477**	115,552
Computed using the Group's PRC subsidiaries applicable tax rates	**12,725**	6,410
Change in tax rate	**553**	201
Non-deductible costs net off non-taxable income	**(646)**	2,245
Income tax expense	**12,632**	8,856

10. Dividends

	Year ended 31 December	
	2007	2006
	RMB'000	*RMB'000*
Dividend declared and paid during the year	**134,436**	85,879
Final dividend proposed after balance sheet date of RMB0.063 per Share (2006: N/A)	**39,218**	30,680

Dividend of RMB85,879,000 and RMB134,436,000 was declared by the subsidiaries in 2006 and 2007 respectively to the then equity holders of the Company before the Reorganisation.

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date. The calculation of final dividend per share is based on 622,500,000 ordinary Shares in issue as at the date of dividend declaration.

11. Basic and diluted earnings per share

(a) *Basic earnings per share*

The calculation of basic earnings per share is based on the profit attributable to the shareholders of ordinary Shares of RMB150,845,000 (2006: RMB106,696,000) and the weighted average of 452,054,795 (2006: 450,000,000) ordinary Shares in issue during the year.

Weighted average number of ordinary Shares

	2007
	Number of Shares
Share issued upon incorporation	1
Issuance of shares upon the Reorganisation	9,999
Capitalisation issue	449,990,000
Effect of issuance of shares for placing and public offering	2,054,795
Weighted average number of ordinary Shares at 31 December 2007	452,054,795

The weighted average number of Shares in issue during the year ended 31 December 2006 represents the 450,000,000 Shares in issue before the listing of the Shares on the Stock Exchange, as if such Shares had been outstanding during the above entire year.

(b) Diluted earnings per Share

The calculation of diluted earnings per Share for the year ended 31 December 2007 is based on profit attributable to equity shareholders of the Company of RMB150,845,000 and the weighted average number of 452,467,562 ordinary Shares (diluted). Diluted earnings per Share for the year ended 2006 is not presented as there were no dilutive potential ordinary Shares in existence during the year ended 31 December 2006.

Weighted average number of ordinary Shares (diluted) for the year ended 31 December 2007 is calculated as follows:

Weighted average number of ordinary Shares at 31 December 2007	452,054,795
Effect of deemed issue of shares under the Company's Pre-IPO Share Option Scheme	412,767
Weighted average number of ordinary Shares at 31 December 2007 (diluted)	452,467,562

12. Trade and other receivables

	As at 31 December	
	2007	2006
	RMB'000	*RMB'000*
Trade and bill receivables	**218,477**	78,690
Non-trade receivables	**17,375**	23,131
Prepayments	**63,550**	10,393
Receivable due from related parties	**–**	32,979
	299,402	145,193

All of the trade and other receivables are expected to be recovered within one year.

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

An ageing analysis of trade and bill receivables (net of impairment loss for bad and doubtful debts) of the Group is as follows:

	As at 31 December	
	2007	2006
	RMB'000	*RMB'000*
Within 3 months	**217,077**	76,760
Over 3 months but less than 6 months	**809**	1,502
Over 6 months but less than 1 year	**381**	136
Over 1 year but less than 2 years	**199**	182
Over 2 years	**11**	110
	218,477	78,690

13. Trade and other payables

	As at 31 December	
	2007	2006
	RMB'000	*RMB'000*
Trade and bill payables	**63,858**	90,933
Non-trade payables and accrued expenses	**75,410**	76,504
	139,268	167,437

An ageing analysis of trade and bill payables of the Group is as follows:

	As at 31 December	
	2007	2006
	RMB'000	*RMB'000*
Within 3 months	**57,592**	85,517
Over 3 months but less than 6 months	**5,805**	3,358
Over 6 months but less than 1 year	**2**	338
Over 1 year but less than 2 years	**147**	1,254
Over 2 years	**312**	466
	63,858	90,933

BUSINESS REVIEW

On 27 December 2007, the Company successfully listed on the Main Board the Stock Exchange (the "Listing") and allotted and issued 150,000,000 Shares pursuant to the global offering. On 11 January 2008, the over-allotment option was exercised and pursuant to which, 22,500,000 Shares were allotted and issued. Taking into account the exercise of the overallotment option, the net proceeds raised from the Listing amounted to approximately RMB221.0 million. The overwhelming market response to our global offering reflected market confidence in the solid business fundamentals of the Group. The success of our Listing marked a new milestone and granted the Group an access to the international capital markets. As a result, we now have the financial agility to capture additional growth opportunities in the copper semi-manufacturing industry.

Industry position

The Group's products are widely used as core and functional materials in the production of electronic appliances, telecommunications equipment, parts and components of automobiles, household appliances, construction and decoration materials and accessory devices. Driven by the continuous and steady growth of the economy, consumption of copper plates and strips continued to exceed its supply and China's net import of copper plates and strips amounted 205,000 tonnes in 2007.

The table below shows a comparison between China's production and consumption of the copper plates and strips for each of the periods indicated:

	2007	2006
	Tonnes	*Tonnes*
Production	**945,000**	882,000
Consumption	**1,150,000**	1,102,000

Source: 2008 Issue 4 of Copper Manufacture Studies, a PRC copper manufacture industry report published by Beijing Antaike Information Development Co., Ltd., which is an information provider for the mining and metals industries in the PRC and the rest of the world, being 51% owned by the Information Center of China National Nonferrous Metals Industry (also known as Nonferrous Metals Techno-Economic Research Institute).

The table below shows China's imports, exports and net imports of the copper plates and strips for each of the periods indicated:

	2007	2006
	Tonnes	*Tonnes*
Import	**244,000**	270,000
Export	**39,000**	50,000
Net import	**205,000**	220,000

Source: 2008 Issue 2 of Copper Manufacture Studies, a PRC copper manufacture industry report published by Beijing Antaike Information Development Co., Ltd., which is an information provider for the mining and metals industries in the PRC and the rest of the world, being 51% owned by the Information Center of China National Nonferrous Metals Industry (also known as Nonferrous Metals Techno-Economic Research Institute).

In 2007, the Group maintained its position as the leading producer of high precision copper plates and strips in the PRC with four different high precision product lines, namely: tin phosphorous bronze plates and strips, brass plates and strips, lead frame strips and nickel silver plates and strips. According to the 2008 Issue 4 of Copper Manufacture Studies published by Beijing Antaike Information Development Co., Ltd, the Group is the largest producer of high precision tin phosphorous bronze plates and strips, high precision lead frame strips and high precision nickel silver plates and strips in terms of production volume in the PRC in 2007.

In 2007, the Group's "Three Ring" " " trademark was awarded the titles of "China's Top Brand" and "China's well-known Trademark". These awards evidence the strong recognition of our brand and trademark among the public and provide customers with an assurance of quality of our products, and as a result our products are widely used in a variety of electronic appliances, telecommunication equipment, automobile components, and electricity transmission devices and transformers.

Fluctuation of copper price

The major raw materials used in the manufacture of copper plates and strips include cathode copper and alloy trimming materials which can be purchased from both domestic and overseas markets. The trend of the domestic price of copper is basically in line with international market. In 2007, the continuous growth of the world economy and the weakening of US dollar have sustained the bullish metal commodities market.

The table below shows average cathode copper prices for each of the periods indicated:

	LME monthly copper spots *(US$/ton)*	**LME three-month copper futures** *(US$/ton)*	**SHFE monthly copper futures** *(RMB/ton)*	**SHFE three-month copper futures** *(RMB/ton)*
2006	6,721	6,637	62,170	61,617
2007	**7,117**	**7,087**	**62,211**	**62,056**

Source: 2008 Issue 2 of Copper Manufacture Studies, a PRC copper manufacture industry report published by Beijing Antaike Information Development Co., Ltd., which is an information provider for the mining and metals industries in the PRC and the rest of the world, being 51% owned by the Information Center of China National Nonferrous Metals Industry (also known as Nonferrous Metals Techno-Economic Research Institute).

BUSINESS STRATEGY

The Group aims to strengthen our market position in the PRC and globally. The Group is able to increase its operational efficiency and performance primarily through leading market position, economies of scale, technologically advanced equipment, competitive cost structure, wide range of products and long-term relationships with leading brands customers. In 2007, the Group continued to seek sustainable business growth and increase our shareholders' value. To achieve this, the Group focused on the implementation of the following strategies:

Expand our production capacity

The Group will continue to expand its production capacity and market share so as to further strengthen its leading position in China. Its annual designed production capacity increased by 6,000 tonnes from 54,000 tonnes in 2006 to 60,000 tonnes in 2007. To further expand production capacity, the Group will apply approximately RMB128.1 million and RMB46.1 million of the net proceeds raised from the Listing to Hangzhou Bay Facility and Yingtan Facility through capital investments, respectively. In particular, the Group plans to increase the production capacity of high precision brass plates and strips so as to further increase our scale of operations and achieve higher manufacturing efficiencies in order to compete more aggressively in the market. In addition, the Group intends to increase production capacity of high precision lead frame strips, high precision tin phosphorous bronze plates and strips and high precision nickel silver plates and strips in Hangzhou Bay Facility.

Expand our product portfolio

The Group intends to expand product portfolio to include, among others, high precision beryllium copper plates and strips and red copper plates and strips in the next few years.

Currently, all of the high precision beryllium copper plates and strips consumed in the PRC are imported from the United States and Japan. To take advantage of the opportunity, our subsidiary, Xingye Electronic, entered into a joint venture agreement and a registered capital subscription agreement (collectively, the "Ulba JV Agreements") with Ulba Metallurgical Plant, an independent third party, in relation to the incorporation of Yingtan Ulba Shine Metal Materials Co. Ltd. ("Yingtan Ulba") on 23 September 2007. Pursuant to Ulba JV Agreements, the total investment and registered capital of Yingtan Ulba will be US$12,000,000 and US$6,200,000, respectively. Yingtan Ulba will produce beryllium copper plates and strips on a site located in the Yingtan Industrial Zone. According to our production plan, it is expected that Yingtan Ulba will commence production of high precision beryllium copper plates and strips by the end of 2009, with an annual production capacity of 2,000 tonnes by 2011.

In addition, the Group plans to explore market opportunities in high precision red copper plates and strips. The Group plans to commence commercial production of red copper plates and strips in Hangzhou Bay Facility in the second half of 2008 with an estimated annual production capacity of 22,000 tonnes by the end of 2011.

Strengthen and expand our market position in China

The Group plans to leverage the network of our existing distributor customers and relationships with core customers to expand domestic and overseas market positions. The Group will work with distributor customers to expand their sales networks and also seek to increase the number of direct customers. One of the ways in which the Group will seek to attract new direct customers will be to offer to them longer settlement terms for payments of the purchase price, including an option to utilize a loan/guarantee arrangement with insurance companies and banks.

The Group believes that our relationships with existing customers makes us well positioned to take advantage of the increase in domestic demand for high precision copper plates and strips as the manufacturing sector grows in the China. In terms of new customers, the Group will seek to widen our distribution network to include newly developing regions, such as the Bohai Bay area and regions in Central and Western China, to capture the growth of the manufacturing industry in these areas.

Strengthen our research and development capabilities and improve our production process

The Group believes that efforts on research and development and collaboration have been critical to success. Accordingly, the Group will continue to invest in research and development and collaborations to produce more technologically advanced, higher-margin and higher value-added products such as lead frame materials for IC applications, anti-corrosive iron nickel copper plates and strips and high precision beryllium copper plates and strips.

Continue to improve our product quality and environmental management system

The Group will continue to improve the quality of our products by implementing more rigorous quality control procedures and product quality management systems (such as GB/T19001-2000 idt ISO 9001:2000), which will allow the Group to produce higher grade, and consequently, higher margin, products. The Group will also operate within an environmental management system that complies with all relevant PRC laws and regulations in relation to production safety and environmental protection, which will allow the Group to avoid legal liabilities relating to environmental matters and adapt faster to more stringent regulatory requirements. In March 2007, the Group passed an inspection for clean and hygienic production environment carried out by both the Ningbo Economy Committee and the Ningbo Environmental Protection Bureau.

Explore acquisition opportunities

The industry that the Group engaged in is fragmented, and the PRC Government has encouraged consolidation in the industry. Smaller manufacturers that are unable to reach critical mass in terms of capacity may be forced to close down due to their decreasing competitiveness over time. These smaller manufacturers may become the potential acquisition targets of major manufacturers. Although no specific targets has been identified as at the date of this announcement, as a leading manufacturer in the industry, the Group intends to selectively pursue strategic acquisition opportunities which complement or enhance current businesses with new product lines or customers.

FINANCIAL REVIEW

Turnover

For the year ended 31 December 2007, the Group achieved record turnover of RMB2,096.1 million, representing an increase of 38.6% as compare to prior year.

The increase in turnover was attributable to (i) the increase in production capacity which allowed us to increase our sales to existing customers and to expand our customer base in order to satisfy the increasing demand for our products. Sales volume increased to 51,889 tonnes for the year ended 31 December 2007 from 40,344 tonnes for previous year; (ii) the increase in the average selling price per tonne resulted from an increase in the market price for copper.

The following table sets forth sales volume in amount and as a percentage of total sales volume and turnover in amount and as a percentage of total turnover for each of products, processing service fees and other sources of turnover for each of the periods indicated:

	For the year ended 31 December							
	2007				2006			
Product/service	**Sales volume** *(tonnes)*	**%**	**Sales** *(RMB'000)*	**%**	Sales volume *(tonnes)*	%	Sales *(RMB'000)*	%
Products:								
High precision tin phosphorous bronze plates and strips	**14,331**	**27.6**	**882,984**	**42.1**	11,480	28.5	641,106	42.4
High precision brass plates and strips	**8,144**	**15.7**	**405,807**	**19.4**	6,205	15.4	295,709	19.6
High precision lead frame strips	**5,957**	**11.5**	**361,907**	**17.3**	3,968	9.8	248,653	16.4
High precision nickel silver plates and strips	**2,833**	**5.5**	**276,026**	**13.2**	2,018	5.0	160,627	10.6
Sub-total	**31,265**	**60.3**	**1,926,724**	**92.0**	23,671	58.7	1,346,095	89.0
Processing services:								
High precision tin phosphorous bronze plates and strips	**6,501**	**12.5**	**31,798**	**1.5**	6,086	15.1	39,340	2.6
High precision brass plates and strips	**7,348**	**14.2**	**29,075**	**1.4**	5,749	14.2	27,276	1.8
High precision lead frame strips	**6,325**	**12.2**	**47,510**	**2.3**	4,374	10.8	34,698	2.3
High precision nickel silver plates and strips	**450**	**0.8**	**9,893**	**0.4**	464	1.2	11,210	0.7
Sub-total	**20,624**	**39.7**	**118,276**	**5.6**	16,673	41.3	112,524	7.4
Others *(Note)*	**N/A**	**–**	**51,133**	**2.4**	N/A	–	53,811	3.6
Total	**51,889**	**100.0**	**2,096,133**	**100.0**	40,344	100.0	1,512,430	100.0

Note: Sales of copper ash, oxidized zinc and furnace waste created in the course of our production activities and immaterial amounts of high precision red copper plates and strips, which are still in market testing or development stages.

N/A = Not applicable. Various units of measurement are used for sales in this category.

The following table sets forth sales volume in amount and as a percentage of total sales volume and turnover in amount and as a percentage of total turnover by geographical location for each of the periods indicated:

	For the year ended 31 December							
	2007				2006			
Product/service	**Sales volume** *(tonnes)*	*%*	**Sales** *(RMB'000)*	*%*	Sales volume *(tonnes)*	*%*	Sales *(RMB'000)*	*%*
PRC domestic sales	**44,823**	**86.4**	**1,659,077**	**79.1**	34,063	84.4	1,153,105	76.2
Overseas sales	**7,066**	**13.6**	**437,056**	**20.9**	6,281	15.6	359,325	23.8
Total	**51,889**	**100.0**	**2,096,133**	**100.0**	40,344	100.0	1,512,430	100.0

Cost of sales

For the year ended 31 December 2007, the Group's cost of sales was approximately RMB1,878.8 million, representing an increase of approximately 41.4% from RMB1,329.0 million for the previous year, primarily as a result of the growth in volume of products sold and increase in purchase cost per tonne due to the rise in copper price.

Gross profit and gross profit margin

The Group's gross profit increased by 18.5% from RMB183.4 million in 2006 to RMB217.3 million in 2007. Gross profit margins declined from 12.1% in 2006 to 10.4% in 2007 was caused by a rise in cost of raw materials.

Other operating income

During the year, the Group's other operating income were approximately RMB20.5 million, representing an increase of approximately 213.9% from RMB6.5 million for prior period.

Such increase was mainly due to the increase in government grants of RMB12.5 million for encouragement of the Group's development in the industry. During the period under review, government grants of RMB8.6 million were received by The Group's subsidiaries located in Yingtan for encouragement of enterprises make investment in that area.

Distribution expenses

During the year, the Group's distribution expenses were approximately RMB12.0 million, representing an increase of approximately 43.7% from RMB8.3 million for prior period. Such increase was primarily attributable to the increase in volume of products sold and delivered over the period.

Administrative expenses

During the year, the Group's administrative expenses were approximately RMB25.7 million, representing a decrease of approximately 37.8% from RMB41.4 million for prior period. This decrease was primarily attributable to a decrease in staff costs as an one-off payment of RMB24.3 million as staff benefit to our employees in 2006 for their continuous support and dedicated services in previous years. Despite the one-off payment, the administrative expenses was increased by approximately RMB8.6 million, which was in line with the growth of our business over the period; and an increase in depreciation charges as a result of purchase of office equipment and no. of employees.

Other operating expenses

During the year, the Group's other operating expenses were approximately RMB3.3 million, representing a decrease of approximately 26.1% from RMB4.5 million for prior period. The decrease was mainly attributable to the reduction in the loss from hedging activities involving copper futures contracts (2007: gain RMB0.7 million, 2006: loss RMB1.0 million).

Net finance costs

During the year, the Group's net finance costs were approximately RMB33.3 million, representing an increase of approximately 65.6% from RMB20.1 million for prior period. This increase was primarily attributable to the increase in interest expenses, which was broadly in line with the increase in our average bank borrowings from RMB475.4 million for 2006 to RMB580.9 million for 2007. The interest rate ranging from 5.58% to 7.2% p.a in 2006 and 5.69% to 8.22% p.a in 2007.

Taxation

In 2007, the Group's effective tax rate was approximately 7.73% which is comparable to the effective tax rate of 7.66% in 2006.

Profit attributable to equity holders of the Company

For the year ended 31 December 2007, the profit attributable to equity holders of the Company was approximately RMB150.8 million, representing an increase of approximately 41.4% from RMB106.7 million for prior period.

The net profit margin for the year ended 31 December 2007 was approximately 7.2%, representing an increase of approximately 0.1% from approximately 7.1% in 2006.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows

Net cash inflow/(outflow) from the followings:

	Year ended 31 December	
	2007	2006
	RMB'000	*RMB'000*
Net cash generated from operating activities	**38,108**	17,711
Net cash used in investing activities	**(30,457)**	(22,909)
Net cash generated from financing activities	**182,588**	21,548
Net increase in cash and cash equivalents	**190,239**	16,350
Cash and cash equivalents at 1 January	**37,688**	21,338
Cash and cash equivalents at 31 December	**227,927**	37,688

Operating activities

The Group's cash from operating activities reflects (i) profit for the year adjusted for non-cash items, such as depreciation and amortization, net finance costs and income tax expense; (ii) the effect of changes in working capital, such as increases or decreases in inventories, trade and other receivables and trade and other payables; and (iii) payment for interest and corporate income tax.

The net cash generated from operating activities increased from RMB17.7 million for 2006 to RMB38.1 million for 2007. This increase was primarily due to an increase in operating profit, which was partially offset by an increase in inventories and trade and other receivables and a decrease in trade and other payables.

Investing activities

The Group's cash inflow from investing activities primarily consists interest received. The Group's cash outflow in investing activities primarily consists of payment for purchase of property, plant and equipment and payment for lease prepayments (i.e. land use rights).

The net cash flow used in investing activities increased from RMB22.9 million for 2006 to RMB30.5 million for 2007, which was attributable primarily to increase in capital expenditure.

Financing activities

The Group's cash inflow from financing activities primarily consists of proceeds from bank borrowings, proceeds from issuance of shares and decrease in pledged deposits. The Group's cash outflow from financing activities primarily consists of repayment of bank borrowings and dividend paid to shareholders.

The net cash generated from financing activities increased from RMB21.5 million for 2006 to RMB182.6 million for 2007, attributable primarily to the raising of capital from the Company's successful listing on the Stock Exchange in December 2007.

Borrowings

As at 31 December 2007, the Group had outstanding bank loans and other borrowings of approximately RMB630.4 million, of which approximately RMB526.4 million shall be repaid within 1 year, approximately RMB100.0 million shall be repaid after 1 year but within 2 years and approximately RMB4.0 million shall be repaid over 2 years. The gearing ratio as at 31 December 2007 was 47.8% (2006: 51.2%), which is calculated by dividing the total borrowings by the total assets.

Capital expenditure

For the year ended 31 December 2007, the Group invested RMB31.3 million for the purchase of property, plant and equipment. These capital expenditures were fully financed by internal resources.

Capital commitments

As at 31 December 2007, the future capital expenditure for which the Group had authorised but not contracted for and contracted but not provided for amounted to approximately RMB221.0 million and RMB0.3 million, respectively.

Use of net proceeds from the issue of new shares

As at 31 December 2007, approximately RMB190.1 million out of the net proceeds from the Listing was placed as bank deposits and will be applied according to the section headed “Use of proceeds” of the prospectus of the Company dated 12 December 2007.

MARKET RISK

The Group exposed to various types of market risks, including fluctuation in copper prices and other commodities’ price and changes in interest rates and foreign exchange rates.

Commodity price risks

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

The Group uses its futures contracts traded on the Shanghai Futures Exchanges to hedge against fluctuations in copper price. For the year ended 31 December 2007, the Group recorded a gain on futures contracts of RMB0.7 million (2006: loss RMB1.0 million).

Interest rate risks

The Group does not have significant interest-bearing assets other than short-term deposits. As such, income and operating cash flows are, to a large extent, independent of changes in market interest rates. The Group's exposure to market risk for changes in interest rates related primarily to fluctuations in interest rates on bank borrowings. The Group undertakes debt obligations to support general corporate purposes, including capital expenditures and working capital needs. The Group's bank borrowings bear interest rates that are subject to adjustment by lenders in accordance with changes to the relevant regulations of the People's Bank of China ("PBOC"). Increases in the PBOC interest rate will increase the Group's financing costs. Fluctuations in interest rates will affect the cost of new debts. The Group does not enter into any interest rate swaps to hedge against exposure to interest rate risks.

Foreign exchange rate fluctuation risk

The Group's export sales and certain portion of purchase of raw materials denominated in foreign currencies, primarily U.S. dollars. Therefore, fluctuations in the exchange rate may have an impact on operating results. The Group does not enter into foreign exchange contract to hedge against exposure to foreign exchange rate risks.

For the year ended 31 December 2007, the Group recorded a foreign exchange gain of RMB2.1 million (2006: loss RMB0.9 million).

PROSPECTS

In 2007, notwithstanding the impact by macro control and structural adjustment, the development of China's copper industry was favoured by the continuously stable growing domestic economy. The domestic copper consumption is still active since China remained as the largest copper consumer in the world where the domestic copper consumption required a large amount of copper importation. The price of copper, as an important raw material, is increasingly tied to the global economic changes and changes to the PRC macro-economy. The stable growth of the western developed economies and the steady economic growth of the PRC have a significant impact on the copper market. It will benefit our business development. Being of one of the leading manufacturers of higher copper plates and strips in PRC, the Group is able to take full advantage of our stable growth business model with a competitive cost structure to continuously gain share in the global copper market. Our comprehensive product portfolio enabled us to further broaden our customer base and enter new markets.

In 2007, in China, domestic consumption of copper plates and strips in China exceeded domestic production by 205,000 tonnes and the net import of copper plates and strips was 205,000 tonnes. Whilst the growth in the electronic appliance, telecommunications and automobile industries in China is expected to lead to a strong demand in high precision copper plates and strips. On such basis, we believe the development of high precision copper plates and strips market is significant and we expect the demands for high precision copper plates and strips in China generally, and for each of our category of products, will remain strong for the next few years.

Our remarkable operating performance has put the Group in an excellent position to invest in future earnings growth. The Group will continue to focus on our core strategies to expand market share while preserving competitive cost structure with our winning stable business model.

In light of this, the Company will be focusing on the following aspects: (i) to enhance production capacity; (ii) to expand product portfolio; (iii) to strengthen and expand market position in PRC; (iv) to reinforce our research and development capabilities for purpose to improve our production process; (v) to improve the product quality and environmental management system; and (vi) to explore acquisition opportunities.

EMPLOYEES

As at 31 December 2007, the Group had 971 employees. Remuneration policies are reviewed regularly to ensure that the Group is offering competitive employment packages to employees. Compensation of the employees includes salaries, pension, medical insurance scheme and other applicable social insurance. Promotion and salary increments are assessed based on performance related basis. The Group's growth is dependent upon the skills and dedication of employees. The Group recognizes the importance of human resources in competitive industry and has devoted resources to training employees. The Group has established an annual training program for our employees so that new employees can master the basic skills required to perform their functions and existing employees can upgrade or improve their production skills.

PROPOSED FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK$0.07 (equivalent to approximately RMB0.063) per Share for the year ended 31 December 2007, which is expected to be payable on or about 6 June 2008 subject to the approval of the shareholders at the forthcoming annual general meeting. The dividend will be payable to the shareholders whose names appear on the register of members of the Company on 23 May 2008. The exchange rate adopted for conversion is the average closing exchange rate published by the People's Bank of China of the five business days prior to the declaration of dividends.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 22 May 2008 to 23 May 2008, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend and to determine the identity of shareholder who are entitled to attend and vote at the annual general meeting, all share transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 21 May 2008.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities during the year.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as the code for directors' securities transactions (the "Model Code") during the year. The Company has made enquiries of all the directors of the Company ("Directors") and all the Directors confirmed that they have complied with the required standard set out in the Model Code.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICE

The Company has complied with the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules for the period commencing from Listing Date to 31 December 2007. A report on the principal corporate governance practices adopted by the Company and the detail in 2007 Annual Report of the Company.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company, which comprises the three independent non-executive Directors, namely, Mr. Cui Ming, Xie Shuisheng and Ms Li Li has reviewed the audited financial statements for the year ended 31 December 2007. The audit committee discussed the auditing, internal control and financial reporting matters including the review of accounting practices and principles adopted by the Group.

SUFFICIENCY OF PUBLIC FLOAT

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

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE WEBSITE

The annual report of the Company, which will contain all the information required the Listing Rules will be sent to shareholders of the Company and published on the Stock Exchange's website (www.hkexnews.com.hk) and the Company's website (www.xingyecopper.com) in due course.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held in Nos. 2-9, Jin Xi Road, Hangzhou Bay Development Zone, Cixi City, Ningbo City, Zhejiang Province, PRC on Friday, 23 May 2008 at 4:00 p.m.. Notice of the annual general meeting will be issued and disseminated to shareholders of the Company in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to the shareholders, local governments, our customers, suppliers and banks for their unreserved support, and our management team and staff for their dedication, loyalty and contribution during the year.

By order of the Board
Hu Changyuan
Chairman

Hong Kong, 17 April 2008

Executive Directors: Hu Changyuan, Chen Jianhua, Wang Jianli and Ma Wanjun; and Independent Non-Executive Directors: Cui Ming, Xie Shuisheng and Li Li.