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 YEAR ENDED 31 DECEMBER 2009

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 2009 together with comparative figures for the year ended 31 December 2008 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

	Note	**2009** *RMB'000*	2008 *RMB'000*
Turnover	*4*	**1,795,184**	1,758,016
Cost of sales		**(1,608,247)**	(1,742,133)
Gross profit		**186,937**	15,883
Other operating income	*5*	**81,255**	17,489
Distribution expenses		**(12,533)**	(8,880)
Administrative expenses		**(55,387)**	(48,389)
Other operating expenses	*6*	**(2,699)**	(15,767)
Result from operating activities		**197,573**	(39,664)
Finance income		**10,205**	10,146
Finance expenses		**(26,596)**	(40,835)
Net finance costs	*7(a)*	**(16,391)**	(30,689)
Share of loss of a jointly controlled entity		**(79)**	(2,756)
Profit/(loss) before tax		**181,103**	(73,109)
Income tax	*8*	**(28,748)**	815
Profit/(loss) for the year attributable to the equity shareholders of the Company		**152,355**	(72,294)
Earnings/(loss) per share			
Basic earnings/(loss) per share *(RMB)*	*9(a)*	**0.24**	(0.12)
Diluted earnings/(loss) per share *(RMB)*	*9(b)*	**0.24**	(0.12)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	2009	2008
	RMB'000	*RMB'000*
Profit/(loss) for the year	**152,355**	(72,294)
Other comprehensive income for the year (after tax and reclassification adjustment):		
Exchange differences on translation of financial statements of overseas subsidiaries	**(58)**	(8,196)
Total comprehensive income for the year		
– attributable to equity shareholders of the Company	**152,297**	(80,490)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Note	2009 RMB'000	2008 RMB'000
Non-current assets			
Property, plant and equipment		**498,754**	498,471
Lease prepayments		**17,901**	18,290
Interest in a jointly controlled entity		**19,299**	19,378
		535,954	536,139
Current assets			
Inventories		**344,179**	147,882
Tax recoverable		**–**	14,710
Derivative financial instruments		**–**	213
Trade and other receivables	*11*	**250,259**	154,916
Pledged deposits		**88,813**	80,655
Trading securities		**33,835**	–
Cash and cash equivalents		**121,430**	130,498
		838,516	528,874
Current liabilities			
Interest-bearing borrowings		**614,269**	437,362
Derivative financial instruments		**5,214**	–
Trade and other payables	*12*	**138,025**	110,572
Income tax payables		**5,463**	–
		762,971	547,934
Net current assets/(liabilities)		**75,545**	(19,060)
Total assets less current liabilities		**611,499**	517,079
Non-current liabilities			
Interest-bearing borrowings		**4,000**	84,000
Deferred tax liabilities		**14,240**	3,825
		18,240	87,825
Net assets		**593,259**	429,254
Capital and reserves			
Share capital		**59,129**	58,268
Reserves		**534,130**	370,986
Total equity attributable to equity shareholders of the Company		**593,259**	429,254
Total equity		**593,259**	429,254

NOTES TO THE FINANCIAL STATEMENTS

1. General information

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") on 27 December 2007. The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are the manufacturing and sales of high precision copper plates and strips, trading of raw materials and the provision of processing services.

2. Statement of compliance

The financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (IASs) and related Interpretations, promulgated by the International Accounting Standards Board ("IASB"), and the applicable disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

3. Adoption of new and amended IFRSs

IASB has issued one new IFRS, a number of amendments to IFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- IFRS 8 — Operating segments
- Revised IAS 1 — Presentation of financial statements
- Improvements to IFRSs 2008
- Amendment to IFRS 7 — Financial instruments: Disclosures – Improving disclosures about financial instruments
- Amendment to IAS 27 — Consolidated and separate financial statements – Cost of an investment in a subsidiary, jointly controlled entity or associate
- Revised IAS 23 — Borrowing costs
- Amendment to IFRS 2 — Share-based payment – vesting conditions and cancellations

The amendments to IAS 27 and IFRS 2, Revised IAS 23 and Improvements to IFRSs (2008) have had no material impact on the Group's financial statements as the amendments and interpretations were consistent with policies already adopted by the Group. In addition, the amendment to IFRS 7 does not contain any additional disclosure requirements specifically applicable to these financial statements. The impact of the remainder of these developments on the financial statement is as follows:

- IFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. The adoption of IFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management (see note 4). Corresponding amounts have been provided on a basis consistent with the revised segment information.

- As a result of the adoption of Revised IAS 1, details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

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

4. Segment reporting

The Group's turnover and operating results are entirely generated from the manufacturing and sales of high precision copper plates and strips products, trading of raw materials and the provision of processing services. In accordance with IFRS 8, segment information disclosed in the consolidated financial statements has been prepared in a manner consistent with the way in which is reported internally to the Group's most senior executive management for the purpose of resource allocation and performance assessment. The Group's most senior executive management have identified the following three reportable segments.

- Sales of copper products: this segment reports sales of high precision copper plates and strips products.

- Trading of raw materials: this segment reports trading of raw materials.

- Processing services: this segment reports provision of processing services to customers who provide raw materials to the Group for processing.

(a) Segment results

In accordance with IFRS 8, segment information disclosed in the financial statements has been prepared in a manner consistent with the information used by the Group's most senior executive management for the purpose of assessing segment performance and allocating resources between segments. In this regard, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

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

The measure used for reporting segment profit is gross profit. To arrive at reporting segment profit, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as distribution expenses, corporate administrative and other operating expenses.

The Group's senior executive management are of the view that the Group's assets and liabilities are jointly used and shared by these three segments, the allocation would be arbitrary and not understandable, and accordingly, no analysis on segment assets and liabilities is provided.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purpose of resource allocation and assessment of segment performance for the year is set out as follows:

For the year ended 31 December 2009:

	Sales of copper products *RMB'000*	**Trading of raw materials** *RMB'000*	**Processing services** *RMB'000*	**Total** *RMB'000*
Turnover from external customers	**1,465,324**	**247,796**	**82,064**	**1,795,184**
Inter-segment turnover	**654,492**	**510,167**	**5,888**	**1,170,547**
Reportable segment turnover	**2,119,816**	**757,963**	**87,952**	**2,965,731**
Reportable segment profit	**157,326**	**2,762**	**26,849**	**186,937**

For the year ended 31 December 2008:

	Sales of copper products *RMB'000*	Trading of raw materials *RMB'000*	Processing services *RMB'000*	Total *RMB'000*
Turnover from external customers	1,657,874	–	100,142	1,758,016
Inter-segment turnover	1,365,574	531,518	28,437	1,925,529
Reportable segment turnover	3,023,448	531,518	128,579	3,683,545
Reportable segment (loss)/profit	(8,873)	–	24,756	15,883

(b) Reconciliation of reportable segment turnover and profit

	2009 *RMB'000*	2008 *RMB'000*
Turnover		
Reportable segment turnover	**2,965,731**	3,683,545
Elimination of inter-segment turnover	**(1,170,547)**	(1,925,529)
Consolidated turnover	**1,795,184**	1,758,016

	2009 *RMB'000*	2008 *RMB'000*
Profit		
Reportable segment profit	**186,937**	15,883
Distribution expenses	**(12,533)**	(8,880)
Administrative expenses	**(55,387)**	(48,389)
Other operating income net of expenses	**78,556**	1,722
Net finance costs	**(16,391)**	(30,689)
Share of loss of a jointly controlled entity	**(79)**	(2,756)
Consolidated profit/(loss) before income tax	**181,103**	(73,109)

(c) ***Geographic information***

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods delivered.

	2009 *RMB'000*	2008 *RMB'000*
Turnover		
PRC	**1,517,519**	1,323,324
Others	**277,665**	434,692
	1,795,184	1,758,016

5. Other operating income

	2009 *RMB'000*	2008 *RMB'000*
Government grants	**68,178**	14,004
Gain on derivative financial instruments	**12,297**	3,089
Gain on disposal of property, plant and equipment	**90**	–
Others	**690**	396
	81,255	17,489

The Group has been awarded unconditional government grants, amounted to RMB68,178,000 and RMB14,004,000 during 2009 and 2008 respectively. They were related to recognition of the Group's development in the industry.

6. Other operating expenses

	2009 *RMB'000*	2008 *RMB'000*
Donation	**157**	189
Water conservancy fund	**2,016**	2,641
Loss on disposal of property, plant and equipment	**–**	129
Impairment losses on property, plant and equipment	**–**	12,099
Others	**526**	709
	2,699	15,767

Certain property, plant and equipment, amounting to RMB12,099,000, which are obsolete and cannot generate future economic benefits were fully provided for impairment losses for the year ended 31 December 2008.

7. Profit/(loss) before income tax

(a) Net finance costs

	2009	2008
	RMB'000	*RMB'000*
Interest expenses	**24,066**	39,268
Net foreign exchange loss	**16**	–
Bank charges	**2,514**	1,567
Finance expenses	**26,596**	40,835
Net foreign exchange gain	**–**	(5,757)
Interest income on bank deposits	**(2,347)**	(4,389)
Interest income on investment in trading securities	**(1,751)**	–
Net change in fair value of trading securities	**(6,107)**	–
Finance income	**(10,205)**	(10,146)
Net finance costs	**16,391**	30,689

(b) Other items

	2009	2008
	RMB'000	*RMB'000*
Cost of inventories	**1,608,247**	1,742,133
Depreciation	**36,151**	33,080
Amortisation of lease prepayments	**389**	329
(Reversal of write-down)/write-down of inventories to net realisable value	**(5,682)**	79,738
Net realised and unrealised gains on trading securities	**(6,107)**	–
Net realised and unrealised gains on derivative financial instruments	**(12,297)**	(3,089)
Auditor's remuneration-audit services	**1,410**	1,813
Research and development costs	**2,507**	–

8. Income tax

(a) Income tax in the consolidated income statement represents:

	2009	2008
	RMB'000	*RMB'000*
Current tax expense		
Provision for PRC income tax	**18,333**	2,806
Under provided in prior years	**–**	567
	18,333	3,373
Deferred tax		
Reversal and originating of temporary differences	**10,415**	(4,188)
	28,748	(815)

(i) 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.

(ii) No provision for Hong Kong profits tax has been made for the year as the Group does not have assessable profits subject to Hong Kong Profits Tax during the year.

(iii) 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.

Pursuant to the income tax rules and regulations of the PRC ("FEIT Law"), certain subsidiaries located in the PRC ("PRC subsidiaries") including Ningbo Xingye Electronic Copper Strip Co., Ltd. ("Xingye Electronic") and Ningbo Xingye Shengtai Electronic Metal Materials Co., Ltd. ("Shengtai") are entitled to a tax holiday of a tax-free period for two years from their first profit-making year of operations and thereafter, they are subject to PRC enterprise income tax at 50% of the applicable income tax rate for the following three years ("Tax Holidays"). In 2009, Shengtai is still within the Tax Holiday period granted under the FEIT Law.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China ("New Tax Law"). According to the New Tax Law, the applicable tax rates 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 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 is subject to the unified rate of 25%.

(iv) Pursuant to the New Tax Law, 5% withholding tax is levied on the foreign investor in respect of dividend distributions arising from a foreign investment enterprise's profit 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.

(b) Reconciliation between income tax and accounting profit/(loss) at applicable tax rate:

	2009	2008
	RMB'000	*RMB'000*
Profit/(loss) before tax	**181,103**	(73,109)
Computed using the Group's PRC subsidiaries applicable tax rates	**24,312**	(10,041)
Current year losses for which no deferred tax asset was recognised	**548**	8,766
Non-deductible expenses	**(720)**	(107)
Under provided in prior years	**–**	567
Withholding tax on undistributed profits of PRC subsidiaries	**4,608**	–
Income tax	**28,748**	(815)

9. Basic and diluted earnings/(loss) per share

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to the equity shareholders of ordinary shares of RMB152,355,000 (2008: loss of RMB72,294,000) and the weighted average of 625,781,285 (2008: 621,945,205) ordinary shares in issue during the year.

Weighted average number of ordinary shares

	2009 Number of shares	2008 Number of shares
Ordinary shares issued at 1 January	**622,500,000**	600,000,000
Effect of issuance of shares under the over-allotment option related to the placement	**–**	21,945,205
Effect of share option exercised	**3,279,203**	–
Effect of warrants exercised	**2,082**	–
Weighted average number of ordinary shares at 31 December	**625,781,285**	621,945,205

(b) Diluted earnings/(loss) per share

The calculation of diluted earnings/(loss) per share is based on the profit attributable to equity shareholders of the Company of RMB152,355,000 (2008: loss of RMB72,294,000) and the weighted average number of 637,518,150 (2008: 626,546,944) ordinary shares (diluted).

Weighted average number of ordinary shares (diluted) for the year ended 31 December 2009 is calculated as follows:

	2009 Number of shares	2008 Number of shares
Weighted average number of ordinary shares at 31 December	**625,781,285**	621,945,205
Effect of deemed issue of shares option	**283,837**	4,601,739
Effect of deemed issue of warrants	**11,453,028**	–
Weighted average number of ordinary shares at 31 December (diluted)	**637,518,150**	626,546,944

10. Dividends

Dividends payable to equity shareholders of the Company attributable to the year

	2009 ***RMB'000***	2008 *RMB'000*
Dividend declared and paid during the year	**–**	66,536
Final dividend proposed after the reporting date of HK10 cents per share (2008: Nil)	**56,043**	–
	56,043	66,536

The final dividend proposed after the reporting date has not been recognised as a liability at the reporting date.

11. Trade and other receivables

	2009 *RMB'000*	2008 *RMB'000*
Trade and bill receivables	**181,807**	92,749
Non-trade receivables	**38,668**	31,813
Prepayments	**28,492**	10,161
Amount due from a related party	**1,292**	20,193
	250,259	154,916

Most 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 customer's 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:

	2009 *RMB'000*	2008 *RMB'000*
Within 3 months	**149,409**	86,798
Over 3 months but less than 6 months	**32,398**	5,808
Over 6 months but less than 1 year	**–**	143
	181,807	92,749

12. Trade and other payables

	2009 *RMB'000*	2008 *RMB'000*
Trade and bill payables	**78,647**	52,259
Non-trade payables and accrued expenses	**56,531**	52,321
Payable due to a related party	**2,847**	5,992
	138,025	110,572

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

	2009 *RMB'000*	2008 *RMB'000*
Within 3 months	**53,735**	49,757
Over 3 months but less than 6 months	**21,486**	321
Over 6 months but less than 1 year	**1,180**	1,502
Over 1 year but less than 2 years	**2,148**	347
Over 2 years	**98**	332
	78,647	52,259

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue and gross profit

The Group's revenue was mainly derived from sales of high precision copper plates and strips, processing services and trading of raw materials. For the year ended 31 December 2009, the Group recorded revenues slightly increased by 2.1% to RMB1,795.2 million as compared to prior year.

The following table sets forth revenue, cost of sales, gross profit, sales volume and average gross profit per ton by business segments for each of the periods indicated:

	Year ended 31 December									
	2009					2008				
	Revenue (RMB'000)	Cost of sales (RMB'000)	Gross profit (RMB'000)	Sales volume (tonnes)	Average gross profit (RMB'000/ton)	Revenue (RMB'000)	Cost of sales (RMB'000)	Gross profit (RMB'000)	Sales volume (tonnes)	Average gross profit (RMB'000/ton)
Sales of copper products	**1,465,324**	**(1,387,736)***	**77,588**	**36,195**	**2.1**	1,657,874	(1,587,009)*	70,865	28,923	2.5
Processing services	**82,064**	**(55,215)**	**26,849**	**15,444**	**1.7**	100,142	(75,386)	24,756	15,464	1.6
Trading of raw materials	**247,796**	**(245,034)**	**2,762**	**N/A**	**N/A**	–	–	–	–	–
Total	**1,795,184**	**(1,687,985)**	**107,199**	**51,639**		1,758,016	(1,662,395)	95,621	44,387	

* In order to analyse the actual cost of sales incurred in 2008 and 2009, the provision for diminution in value of inventories of RMB79.7 million provided in 2008 and utilised and reversed in 2009 has been excluded.

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

The revenue generated from sales of high precision copper plates and strips accounted for 81.6% of the total revenue for the year under review. Benefiting from the continuing recovery of the overall macro-economic environment and improvement in market confidence, high precision copper plates and strips business gradually picked up in 2009, the sales volume increased by 25.1% to 36,195 tonnes as compared to the previous year. The revenue from sales of high precision copper plates and strips decreased by 11.6% to RMB1,465.3 million as compared to prior year whilst the sales volume increased in 2009 was mainly attributable to the lower in average market price of copper in 2009 as compared to 2008.

Since the price of sales of high precision copper plates and strips is being calculated by cost-plus pricing model, we generally charge to our customers the market price of the raw materials (in particular copper) plus processing fees, therefore, analysis of the average gross profit per ton can exclude the impact of fluctuation of market price of the raw materials. The average gross profit per ton of sales of high precision copper plates and strips decreased from RMB2,450 in 2008 to RMB2,140 in 2009, it is due to the change in the products mix. We increased in sales of medium-end products in order to maintain the market share and the steady production under the poor economy.

The revenue generated from processing services accounted for 4.6% of the total revenue for the year under review. The processing services volume remained almost the same as that of 2008. The revenue from processing services decreased by 18.1% to RMB82.1 million as compared to the previous year was attributable to the decrease in average processing-service fees. Through the technological reform, improving product quality, promoting equipment efficiency, improving high energy consumption equipment and reducing production costs, the impact of the decrease in processing service fees was off-set by reduction in production costs, hence there was no material fluctuation in the average gross profit per ton of processing services in 2008 and 2009.

During the year under review, the Group commences trading of raw materials such as cathode copper and zinc in order to widen the Group's source of revenue and enhances profitability. The revenue generated from trading accounted for 13.8% of the Group's revenue for the year under review with gross profit of RMB2.8 million.

Other income

During the year, the Group's other income was approximately RMB81.3 million, representing an increase of 364.6% from RMB17.5 million for the previous year. Such increase was mainly attributable to (i) a value-added tax refund of RMB59.5 million recorded during the year benefiting from renewable resource recycling and utilization of value-added tax policy with effect from 1 January 2009; and (ii) a gain of RMB12.3 million (2008: gain RMB3.1 million) from hedging activities involving copper futures contracts were recorded in the year under review, which reflected increases in the forward prices for copper during the year.

Distribution expenses

The Group's distribution expenses increased from RMB8.9 million in the previous year to RMB12.5 million in 2009 which was mainly due to increase in transportation expenses, sales commission and insurance as a result of increase in sales volume and fuel expenses.

Administrative expenses

During the year, the Group's administrative expenses were approximately RMB55.4 million, representing an increase of approximately 14.5% from RMB48.4 million in prior year. This increase was primarily attributed to the increase in staff costs as a result of the staff salaries restored to the level before the financial tsunami and increase in staff training.

Other operating expenses

The Group's other operating expenses decreased from RMB15.8 million in the previous year to RMB2.7 million in 2009, which was primarily attributed to the fact that no impairment losses on equipment were made in 2009 (2008: RMB12.1 million).

Net finance costs

The Group's net finance costs decreased from RMB30.7 million in the previous year to RMB16.4 million in 2009. This decrease was primarily due to (i) a decrease in interest expense of RMB15.2 million as a result of a decrease in the loan interest rate and Group's borrowings and discounted bills and a gain on investment in bonds of RMB7.9 million, which was partially offset by a decrease in bank interest income of RMB2.0 million; and (ii) a decrease in net foreign exchange gain of RMB5.7 million arising from converting the loans of subsidiaries denominated in Hong Kong dollar into the reported currency of Renminbi. The loans had been repaid in the second half of 2008.

Taxation

The Group recorded a tax expense of RMB28.7 million in 2009 whilst recorded a tax credit of RMB0.8 million in 2008, which was because the Group recorded profit in 2009 but made a loss in 2008.

Profit attributable to equity shareholders of the Company

As a result of the factors discussed above, the Group recorded profit attributable to equity shareholders of the Company of RMB152.4 million in 2009 whilst recorded a loss attributable to equity shareholders of the Company of RMB72.3 million in 2008.

Liquidity and financial resources

The working capital of the Group during the year under review was primarily satisfied by the Group's operating cash flows and borrowings.

The Group recorded a net cash used in operating activities of RMB44.2 million for 2009 whereas a net cash generating from operating activities of RMB190.1 million for 2008. This was mainly due to increase in operating profit from RMB13.2 million for 2008 to RMB243.0 million for 2009, which was offset by increase in inventories and trade and other receivables. The Group's net cash used in investing activities decreased from RMB82.4 million for 2008 to RMB61.6 million for 2009. This decrease was attributable primarily to decrease in capital expenditure of RMB26.7 million and no investment in a jointly controlled entity was paid in 2009 (2008: RMB17.1 million), which was partially offset by net investment in trading securities of RMB27.7 million. The Group recorded a net cash generated from financing activities of RMB96.7 million for 2009 whereas a net used cash in financing activities of RMB205.2 million for 2008. This was mainly due to proceeds from bank borrowings, increase in pledged deposits and no dividend was paid to shareholders in year 2009.

As at 31 December 2009, the Group had outstanding bank loans and other borrowings of approximately RMB618.3 million, of which approximately RMB614.3 million shall be repaid within 1 year and approximately RMB4.0 million shall be repaid over 2 years. The gearing ratio as at 31 December 2009 was 45% (2008: 49%), which is calculated by dividing the total borrowings over the total assets.

Charge on assets

As at 31 December 2009, the Group pledged assets with aggregate carrying value of RMB259.7 million (31 December 2008: RMB327.1 million) to secure bank loans facilities of the Group.

Capital expenditure

For the year ended 31 December 2009, the Group invested RMB39.2 million for the purchase of property, plant and equipment. These capital expenditures were fully financed by internal resources and net proceeds from issuance shares.

Capital commitments

As at 31 December 2009, the future capital expenditure for which the Group had authorised but not contracted for and contracted but not provided for amounted to approximately RMB60.5 million and RMB11.5 million, respectively.

Use of net proceeds from the issue of new shares

The net proceeds from the issue of new shares amounted to approximately RMB221.4 million. Part of the net proceeds has been applied as follows:

	Planned Amount *RMB'million*	Amount utilised up to 31 December 2009 *RMB'million*	Balance as at 31 December 2009 *RMB'million*
Expansion in production capacity	119.4	70.7	48.7
Development in large-scale production of new products	29.6	25.1	4.5
Research and development	12.6	7.9	4.7
General working capital purposes	59.8	59.8	–
	221.4	163.5	57.9

The balance of the net proceeds has been placed as bank deposits.

Market risk

The Group is exposed to various types of market risks, including fluctuation in copper price and other commodities' prices 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 of the Group. Therefore, fluctuations in the prices of raw materials may have an adverse effect on the results of operations. The Group uses its futures contracts traded on the SHFE to hedge against fluctuations in copper price. For the year ended 31 December 2009, the Group recorded a gain on futures contracts of RMB12.3 million (2008: RMB3.1 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 relates 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 undertaking new debts. The Group has not entered into any interest rate swaps arrangements 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 were denominated in foreign currencies, primarily U.S. dollars. Therefore, fluctuations in the exchange rate may have an impact on the Group's operating results. The Group has not entered into any foreign exchange contract to hedge against exposure to foreign exchange rate risks. For the year ended 31 December 2009, the Group recorded a net foreign exchange loss of RMB16,000 (2008: gain of RMB5.8 million).

Employees

As at 31 December 2009, the Group had 1,011 employees. Remuneration policies are reviewed regularly to ensure that the Group is offering competitive employment packages to employees. Benefits of the employees include salaries, pension, medical insurance scheme and other applicable social insurance. Promotion and salary increments are assessed based on performance related basis. The Group's growth is dependent upon the skills and dedication of employees. The Group recognizes the importance of human resources in a 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.

PROSPECTS

The considerable market demand in 2009 continues to support the sustainable development of the copper processing industry in the PRC. We believed that the demand for copper plates and strips in 2010 will continue to grow driven by our plan for furthering prosperous development implemented in 2009 and our further promotion in 2010.

The Group has devoted continuous effort and has taken an active role in developing new products including automobiles and micro-electronic accessories to enhance the value chain. In particular, the success of the pilot run of high precision beryllium copper plates and strips has made the Group the first enterprise of producing large fold high-precision beryllium copper plates and strips in PRC and is expected to enter the top three high-precision beryllium copper plates strips producers in the world.

The Group continues to strengthen the integration of domestic and foreign resources, recruits creative hi-tech talents, promotes technological enhancement and forms a market-oriented, sustainable and innovative mechanism with an emphasis on R&D.

The Group has commenced the adjustments to its internal structure and has improved the construction of its internal mechanism. The Group has also optimized work flow, established a new performance assessment mechanism, and in particular, according to the Company's development needs, set up a sales headquarter, which has already commenced operation, in order to establish a foundation for its development in 2010.

The Group will continue to concentrate on the implementation of its core strategies for expanding its market position, and maintaining its competitive cost structure through its successful and stable business model.

In view of this, the Company will continue to regard the following as their major business objectives: (i) upgrading the R&D on new products; (ii) actively extending trades to consolidate a leading position in the market for our main products; (iii) optimizing the enterprise's internal structure and management organization system; and (iv) actively seeking for investment opportunities.

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 2009.

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.

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 2009.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules during the year ended 31 December 2009.

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 five independent non-executive Directors, namely, Mr. He Changming, Mr. Cui Ming, Mr. Xie Shuisheng, Mr. Chai Chaoming and Ms. Li Li. The audit committee had reviewed the audited financial statements for the year ended 31 December 2009 and had also discussed auditing, internal control and financial reporting matters including accounting practices and principles adopted by the Group.

DIVIDENDS

The Board recommended the payment of a final dividend of HK10.0 cents per Share for the year ended 31 December 2009, which is expected to be payable on or about 20 May 2010 subject to the approval at the forthcoming annual general meeting. The dividend will be payable to Shareholders of the Company whose names appear on the register of members of the Company on 12 May 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 10 May 2010 to 12 May 2010, 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 Shareholders who are entitled to attend and vote at the forthcoming annual general meeting, all Share transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 7 May 2010.

PUBLICATION OF 2009 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 2009 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, 29 March 2010

As at the date of this announcement, the executive directors of the Company are Mr. HU Changyuan, Mr. CHEN Jianhua, Mr. WANG Jianli and Mr. MA Wanjun, the non-executive director of the Company is Ms. YU Yuesu and the independent non-executive directors of the Company are Mr. HE Changming, Mr. CUI Ming, Mr. XIE Shuisheng, Mr. CHAI Chaoming and Ms. LI Li.