
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in XINGYE COPPER INTERNATIONAL GROUP LIMITED (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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)

DISCLOSABLE AND CONNECTED TRANSACTION IN RESPECT OF FORMATION OF A JOINT VENTURE COMPANY AND NOTICE OF EGM

Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders

AmCap
Ample Capital Limited
豐盛融資有限公司

A letter from the Board is set out on pages 4 to 18 of this circular and a letter from the Independent Board Committee is set out on pages 19 to 20 of this circular. A letter from Ample Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 21 to 31 of this circular.

A notice convening an extraordinary general meeting of the Company (the “EGM”) to be held at 10:00 a.m., on Wednesday, 30 May 2012 at No. 1 Linfang Road, Bailiangqiao, Zonghan, Cixi City, Zhejiang Province, the PRC is set out on pages 39 to 40 of this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM and any adjourned meeting (as the case may be) should you so wish.

10 May 2012

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Letter from the Independent Board Committee	19
Letter from Ample Capital	21
Appendix – General Information	32
Notice of EGM.	39

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:–

“Ample Capital” or “Independent Financial Adviser”	Ample Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the JV Transaction and a corporation licensed to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
“associate(s)”	has the meaning as defined in Rule 14A.11(4) of the Listing Rules
“Board”	the board of Directors of the Company
“Cixi Xingxin”	慈溪市興欣投資有限公司 (Cixi City Xingxin Investment Co., Ltd.*), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Company”	Xingye Copper International Group Limited, a company incorporated in the Cayman Islands with limited liability on 19 July 2007, the shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held to consider and approve, among other things, the JV Agreement and the JV Transaction
“Group”	the Company and its subsidiaries
“Independent Board Committee”	an independent committee of the Board, consisting of Mr. He Changming, Mr. Cui Ming, Mr. Xie Shuisheng, Mr. Chai Chaoming and Ms. Li Li, all being independent non-executive Directors

DEFINITIONS

“Independent Shareholder(s)”	the Shareholder(s), other than Mr. Hu and its associates
“JV Company”	上海遠瞻厚德投資合夥企業, (Richmond Lighthouse Capital LLP, Shanghai*), a partnership enterprise established in the PRC with limited liability under the JV Agreement
“JV Agreement”	the cooperation agreement entered into among Cixi Xingxin, Hu Mingda and Hu Minglie on 10 April 2012 involving, among other things, the formation of the JV Company
“JV Transaction”	the entering into of the JV Agreement and the transactions contemplated thereunder
“Latest Practicable Date”	4 May 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Lianchuang”	北京聯創永金投資管理有限公司(Beijing Lianchuang Yongjin Investment Management Limited*), a limited liability company established in the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mining Fund”	永宣資源一號(常州)股權投資合夥企業 (Yongxuan NO. 1 Nature Resource Capital Fund LLP, Changzhou*), a partnership enterprise established in the PRC with limited liability
“Mining Fund Agreement”	a joint venture agreement to be entered into between Lianchuang and the JV Company subsequent to the passing of the resolution in the EGM by Independent Shareholders

DEFINITIONS

“Mr. Hu”	Mr. Hu Changyuan, the chairman of the Board and the executive Director
“Parties”	the parties to the JV Agreement, namely, Cixi Xingxin, Hu Mingda and Hu Minglie
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Taiwan, Hong Kong and Macau Special Administrative Regions
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the shareholder(s) of the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

* For identification purposes only

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. HU Changyuan (*Chairman*)

Mr. CHEN Jianhua

(*Deputy Chairman and Chief Executive Officer*)

Mr. WANG Jianli

Mr. MA Wanjun

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Independent non-executive Directors:

Mr. HE Changming

Mr. CUI Ming

Mr. XIE Shuisheng

Mr. CHAI Chaoming

Ms. LI Li

Principal place of business

in the PRC:

No.1 Linfang Road

Bailiangqiao, Zonghan

Cixi City

Zhejiang Province

315301, PRC

Principal place of business

in Hong Kong:

Flat 11, 11/F

Hung Tai Industrial Building

37-39 Hung To Road

Kwun Tong

Kowloon, Hong Kong

10 May 2012

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RESPECT OF FORMATION OF A JOINT VENTURE COMPANY
AND
NOTICE OF EGM**

INTRODUCTION

Reference is made to the announcement made by the Company on 10 April 2012, announcing that, on 10 April 2012, Cixi Xingxin (an indirect wholly-owned subsidiary of the Company), Hu Mingda and Hu Minglie entered into the JV Agreement, pursuant to which the Parties agreed to form the JV Company. It is intended that the JV Company will then invest in the Mining Fund.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things,

- (i) the particulars of the JV Agreement;
- (ii) the letter from the Independent Board Committee with their view on the JV Agreement and the JV Transaction; and
- (iii) the letter from Ample Capital with their advice on the JV Agreement and the JV Transaction to the Independent Board Committee and the Independent Shareholders,

as well as to seek the approval of the Independent Shareholders in respect of the entering into the JV Agreement and the JV Transaction.

BACKGROUND

On 10 April 2012, Cixi Xingxin, an indirect wholly-owned subsidiary of the Company, Hu Mingda and Hu Minglie entered into the JV Agreement, pursuant to which the Parties agreed to form the JV Company. It is intended that the JV Company will then invest in the Mining Fund. Upon completion of the JV Transaction, Cixi Xingxin, Hu Mingda and Hu Minglie will be interested in 60%, 20% and 20% respectively of the registered capital of the JV Company and the JV Company will become a non-wholly owned subsidiary of the Company.

JV AGREEMENT

a. Date: 10 April 2012

b. Parties:

- i. Cixi Xingxin;
- ii. Hu Mingda; and
- iii. Hu Minglie.

c. Formation of the JV Company

The total investment of the JV Company amounts to RMB51,000,000. Cixi Xingxin, Hu Mingda and Hu Minglie shall make investments of RMB30,600,000, RMB10,200,000 and RMB10,200,000 respectively, into the JV Company by way of cash in return for 60%, 20% and 20% equity interest of the JV Company. Following the completion of the JV Transaction, the JV Company will become a non-wholly owned subsidiary of the Company.

LETTER FROM THE BOARD

The registered capital of the JV Company will be RMB51,000,000. The consideration was determined based on an intended investment of RMB50,000,000 on the Mining Fund, a management fee of RMB600,000 and the remaining RMB400,000 will be reserved as the general working capital of the JV Company.

The total financial commitment of the Group in the JV Company is estimated to be in the amount of approximately RMB30,600,000, representing 60% of the estimated total investment amount for the Mining Fund. The Group intends to fund its financial commitment from internal source of fund of the Group.

d. Conditions precedents

The JV Agreement is conditional upon the approval of the JV Agreement being obtained from the Independent Shareholders in accordance with the Listing Rules.

e. Term of co-operation

The JV Company is for a term of 7 years from the issue of the business licence by the relevant PRC authorities following the formation of the JV Company.

f. Scope of business

The JV Company is established for the sole purpose of investing into the Mining Fund and will not engage in any other forms of investment and operating activities. The JV Company will be engaged in investment and investment consultation, subject to the final scope of business approved by the registration authorities for industry and commerce.

All Parties agree that the JV Company is prohibited from taking on debts or providing guarantees.

g. Extent of liability of Parties

The JV Company is a partnership enterprise established in the PRC with limited liability comprising both general liability partner and limited liability partners.

Under the JV Agreement, Cixi Xingxin is a general liability partner of the JV Company, while Hu Mingda and Hu Minglie are limited liability partners of the JV Company. A general liability partner bears unlimited liability for the debts incurred by the JV Company (if any), while the liability of a limited liability partner is limited to the extent of his capital contribution.

LETTER FROM THE BOARD

As both Hu Mingda and Hu Minglie are the limited liability partners of the JV Company, they cannot represent the JV Company and cannot participate in managing the affairs of the JV Company, except participating those affairs that require the unanimous consent of Parties as prescribed in clause (h) below. Hu Mingda and Hu Minglie shall be liable for damages in accordance with the law if they manage the affairs of the JV Company and result in losses to the JV Company and other partners to the JV Agreement. Accordingly, the Company considers that the arrangement of having Cixi Xingxin as the general liability partner of the JV Company is fair and reasonable and in the interest of the Company.

h. Management of the JV Company

Cixi Xingxin, being the managing partner of the JV Company, shall deal with the affairs of the JV Company. Its duties and responsibilities include but not limited to:

- (1) Cixi Xingxin shall report to the Parties in writing regarding the status of investment in the Mining Fund on a quarterly basis; and
- (2) unless upon unanimous consent of all Parties, the net proceeds from investment into the Mining Fund realized by the JV Company after its sale of interests in the Mining Fund, its withdrawal from the Mining Fund, shall be distributed in a manner as prescribed in clause (i) hereinbelow. Such proceeds received from the Mining Fund by the JV Company shall not be used for further investment.

Certain affairs will require the unanimous consent of Parties, including:

- (1) to amend the terms of the JV Agreement;
- (2) to add or remove general liability partners;
- (3) to provide guarantees in the name of JV Company;
- (4) to increase or reduce the investment to the JV Company;
- (5) to extend the term of the JV Company;
- (6) to change profit distribution policy;
- (7) to materially change the investment principles or scope of investment; and
- (8) to withdraw from the investment projects.

LETTER FROM THE BOARD

i. Profit and loss sharing

Profits or losses generated from investment in the Mining Fund will be shared amongst Cixi Xingxin, Hu Mingda and Hu Minglie in proportion to their respective equity interests in the JV Company.

Within 10 days after proceeds are received by the JV Company from the Mining Fund, such proceeds will be distributed amongst Cixi Xingxin, Hu Mingda and Hu Minglie in proportion to their respective equity interests in the JV Company.

Since the JV Company is established for the sole purpose of investing into the Mining Fund, the general liability partner will not be entitled to any additional remuneration fee apart from the management fee as prescribed under clause (j) hereinbelow.

j. Management fee

A management fee of RMB600,000 will be paid to Cixi Xingxin in one-off basis.

In view that the only purpose of establishing the JV Company is to invest in the Mining Fund, and Cixi Xingxin, being the managing partner of the JV Company has to face a limited scope of management work as stated in the paragraph headed “Management of the JV Company” herein, the Company considers that the RMB600,000 management fee payable to Cixi Xingxin commensurate with the management work to be conducted by the Group.

k. Termination

The Parties are entitled to withdraw from the JV Company upon the occurrence of any one of the following conditions:

- (1) the emergence of “withdrawal events” as specified under the JV Agreement;
- (2) upon unanimous consent of Parties;
- (3) the occurrence of events which makes it extremely difficult for any of the Parties to continue to take part in the JV Company; and
- (4) any material breach of the JV Agreement by any Parties which results in tremendous losses to the JV Company.

LETTER FROM THE BOARD

“Withdrawal events” include:

- (a) the term of the JV Agreement has expired, and partners contributing to over two-thirds of the total paid-up capital of the JV Company pass a resolution, deciding not to continue with the operation of the JV Company;
- (b) dissolution events prescribed under the JV Agreement occur;
- (c) Parties decided to dissolve the JV Company;
- (d) the number of partners of the JV Company has fallen below the statutory requirement under the PRC law for more than 30 days;
- (e) the objective of the JV Company has realized or cannot be realized;
- (f) the business licence of the JV Company is revoked according to the law, and the JV Company is ordered to close down or be revoked; and
- (g) other reasons as prescribed by the law and administrative regulations.

I. Pre-emptive rights

Where a party to the JV Agreement intends to transfer all or any of his shares in the JV Company, written consent from the general liability partner must be obtained. The remaining parties shall also enjoy the pre-emptive right to purchase the shares prior to any other third parties. If the remaining parties do not offer to purchase shares within 15 days upon being notified of the said pre-emptive rights, they are deemed to consent to such transfer.

REASONS FOR AND BENEFITS OF THE JV AGREEMENT

Since 2011, the Group has been conducting inspection and project analysis regarding mining resources in the PRC. The Company was first informed by Hu Mingda and Hu Minglie about the opportunities of investing in the Mining Fund. The Company considers that the investment in the Mining Fund is in line with the future development of the Company and by investing into the Mining Fund through the JV Company, the Group will be able to accumulate valuable experience in relation to investment in mining resources.

LETTER FROM THE BOARD

In addition, it is beneficial for the Group to invest in the Mining Fund by setting up a JV Company. A total capital investment of not less than RMB50,000,000 entitles one to enjoy certain rights, including: (i) the right to participate in strategic meetings held by the Mining Fund twice a year, the content of which includes reporting on the status of investment projects and sharing investment experience; and (ii) the right to seek advice and consultation from the Mining Fund regarding our other mining investment projects (if any). By jointly investing with Hu Mingda and Hu Minglie, the JV Company can enjoy the said rights without having the Group to contribute the entire total sum of RMB50,000,000.

The terms of the JV Agreement are agreed after arm's length negotiations between the Parties. The Directors consider that the JV Transaction have been made in the ordinary and usual course of business and on normal commercial terms and that such terms are fair and reasonable so far as the Company and its Shareholders as a whole are concerned and that such transactions are in the interest of the Company and its Shareholders as a whole.

GENERAL

Information of the Company

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

Information of Cixi Xingxin

Cixi Xingxin is a wholly-owned subsidiary of the Company and is principally engaged in investment business.

Information of Hu Mingda and Hu Minglie

Hu Minglie is an investor with extensive experience, who is currently the general liability partner of 天津雷石泰和股權投資管理合夥企業 (Tianjin Leishi Taihe Equity Investment Management Company*), being a partnership enterprise managing approximately RMB500,000,000 and the founding partner and director of 遠瞻股權投資管理(上海)有限公司 (Yuanzhan Equity Investment Management (Shanghai) Company Limited*), being a partnership enterprise managing equity of approximately RMB50,000,000.

Also, Hu Mingda is an investor with around 20 years of experience in various kinds of investment, including equity investment, securities and funds and the total size of investment over years is over RMB100,000,000.

LETTER FROM THE BOARD

Information of the Mining Fund

The Mining Fund has been registered with and was granted a business licence by the Industrial and Commercial Bureau in Changzhou of Jiangsu Province in the PRC. The Mining Fund is a private equity fund, being a partnership enterprise established in the PRC with limited liability with a target size of approximately RMB3 billion. Currently, the Mining Fund has already raised approximately RMB1.7 billion and is still opening for further investment. The Mining Fund has been established and has already invested in a mining enterprise which possesses gold mines in several areas of the PRC comprising Sichuan, Gansu and Xinjiang with a proved reserve of around 120 tonnes.

The Mining Fund has currently around 10 proposed mining investment projects, among which three involve investment in gold mines; one involves investment in silver mines; one involves investment in iron mine; and the remaining five involve investment in metal mines.

Lianchuang is the general liability partner and managing partner of the Mining Fund that is responsible of the investment of the Mining Fund. It has a team of over 40 professionals specializing in mining investment with an average of over 10-year investment experience. The investment team of Lianchuang consists of 13 professional mining investors, 7 consultants, 7 mining management experts and 7 capital operation experts, etc. Lianchuang and its key personnel have profound investment experience and have also successfully managed and completed investment in three other mining funds. The total fund size which has been previously under the management of the key personnel of the Mining Fund was of approximately RMB20 billion in total.

Subsequent to the passing of the ordinary resolution to be proposed at the EGM to approve the entering into of the JV Agreement and the JV Transaction, the JV Company will enter into a Mining Fund Agreement with Lianchuang in order to invest in the Mining Fund. The Company considers that this arrangement is fair and reasonable and in the interest of the Company. So far as the Company is aware, the Mining Fund Agreement will include the following major terms:

(a) Purposes of the Mining Fund

The two main objectives of the Mining Fund are: (a) to engage in investment which is mainly in forms of equity investment in resource enterprises, and to obtain excellent returns for its partners by way of capital gains; and (b) to concentrate on investment in enterprises of mining resources, rare resources and new energy resources. The Mining Fund may achieve such capital gains by various means, such as divesting each individual project through initial public offering or mergers and acquisitions to achieve the capital appreciation.

LETTER FROM THE BOARD

(b) Term of co-operation

The investment in the Mining Fund is for a term of 5 years and the term can be extended for another 2 years upon unanimous consent of all partners of the Mining Fund.

(c) Scope of business

The Mining Fund will focus on investment in mine, rare and new energy resources and is restricted from engaging in activities prohibited by the laws and regulations and activities prohibited by the Mining Fund Agreement. Unless with the consent obtained from partners of the Mining Fund, the Mining Fund cannot engage in such activities prohibited by the Mining Fund Agreement, which include:

- (1) directly or indirectly invest in shares and corporate bonds in listed transactions (excluding shares held by the Mining Fund of companies in the investment portfolio subsequently going listed);
- (2) directly or indirectly invest in real estate properties;
- (3) invest by means of loans;
- (4) invest by non-self-owned capital;
- (5) take on debts or provide guarantees;
- (6) invest in projects that may subject the Mining Fund to unlimited liability;
- (7) invest in industries, products or fields that may undermine the reputation of the Mining Fund or any partners of the Mining Fund; and
- (8) invest in projects that are in conflict of interests with Lianchuang.

Partners of the Mining Fund shall not pledge any part of its interests held in the Mining Fund.

(d) Extent of liability

Lianchuang is the general liability partner of the Mining Fund which bears unlimited joint and several liability for the debts incurred by the Mining Fund (if any), while the JV Company will be one of the limited liability partners of the Mining Fund with its liability limited to the extent of its capital contribution upon entering into the Mining Fund Agreement.

LETTER FROM THE BOARD

As the JV Company is one of the limited liability partners of the Mining Fund, the JV Company cannot represent the Mining Fund and cannot participate in managing the affairs of the Mining Fund. All limited liability partners shall enjoy the same rights and of same priorities in distributing net proceeds or assets of the Mining Fund.

(e) Management of the Mining Fund

Lianchang, being the general liability partner, shall deal with the affairs of the Mining Fund. Its duties and responsibilities include but not limited to:

- i. to manage and maintain the assets of the Mining Fund;
- ii. to analyze and assess the potentials of the investment projects, conduct negotiations for investment projects, conduct follow-up management of companies of the investment portfolio and formulate appropriate withdrawal strategies; to withdraw investment as soon as possible in accordance with the requirements of the law and regulations regarding companies within the investment portfolio of the Mining Fund that are already listed and the investment of which can be withdrawn;
- iii. to convene partners' meeting;
- iv. to arrange distribution of profits among partners;
- v. to submit unaudited quarterly financial reports and audited annual reports to every partner of the Mining Fund.

Unless with the approval of the partners' meeting of the Mining Fund, the Mining Fund is prohibited from taking on debts.

Moreover, limited liability partners enjoy the following rights in the Mining Fund, including but not limited to the rights to:

- i. understand the operation conditions of the Mining Fund and companies in the investment portfolio in accordance with the Mining Fund Agreement; and
- ii. claim rights or institute legal proceedings against parties liable for the loss of the Mining Fund where his/its interests in the Mining Fund are undermined.

LETTER FROM THE BOARD

(f) Management fee charged by Lianchuang

The JV Company shall pay an annual management fee of RMB1,000,000 (being 2% of its total capital contribution) to the Mining Fund during the 5 years term of the Mining Fund Agreement and such annual management fee shall be payable on a quarterly basis.

(g) Investment restrictions

The Mining Fund is restricted from engaging in activities prohibited by the laws and regulations and activities prohibited by the Mining Fund Agreement.

Unless with the consent obtained from partners of the Mining Fund, the Mining Fund cannot engage in such activities prohibited by the Mining Fund Agreement, which include:

- (1) directly or indirectly invest in shares and corporate bonds in listed transactions (excluding shares held by the Mining Fund of companies in the investment portfolio subsequently going listed);
- (2) directly or indirectly invest in real estate properties;
- (3) invest by means of loans;
- (4) invest by non-self-owned capital;
- (5) take on debts or provide guarantees;
- (6) invest in projects that may subject the Mining Fund to unlimited liability;
- (7) invest in industries, products or fields that may undermine the reputation of the Mining Fund or any partners of the Mining Fund; and
- (8) invest in projects that are in conflict of interest with Lianchuang.

Without the consent of the advisory committee of the Mining Fund which shall contain not more than 9 members being established by Lianchang, the investment into projects relating to natural resources should not be less than 80% of the total subscription amount of the Mining Fund, such that the total subscription amount shall include the amount of capital subsequently raised by the Mining Fund.

LETTER FROM THE BOARD

(h) Profit and loss sharing

Profits or losses generated from investment of the Mining Fund will be shared amongst all partners of the Mining Fund in proportion to the ratio of their respective paid-up capital contribution as at the date of the distribution of profits.

Upon the withdrawal of the Mining Fund from each investment project and within 20 days after the relevant net investment profits have been realized, such proceeds will be distributed to all partners of the Mining Fund in proportion to ratio of the paid-up capital contribution by all the partners of the Mining Fund as at the date of the distribution of profits.

(i) Restrictions of transfer and/or pre-emptive rights

Where a limited liability partner who intends to transfer all or part of his interests (the “**Transferor**”) in the Mining Fund makes an application for such transfer, the application shall fulfill all of the following conditions, including:

- (a) the transfer of interests would not result in the number of partners to the Mining Fund exceeding 50;
- (b) the Transferor has made an application to the general liability partner at least 30 days in advance;
- (c) the intended transferee (the “**Intended Transferee**”) has already submitted to the general liability partner a letter of undertaking agreeing to be bound by and comply with the Mining Fund Agreement, and to succeed all obligations of the Transferor, and any other documentation and information considered by the general liability partner as necessary to be submitted;
- (d) the Intended Transferee has undertaken in writing to bear all expenses caused by such transfer to the Mining Fund and the general liability partner; and
- (e) if the general liability partner, according to its independent judgment, considers that the proposed transfer is in the best interest of the Mining Fund, it can decide to abrogate one or more of the requirements as required under (b), (c) and (d), and recognize the application for transfer of interest as an effective application.

LETTER FROM THE BOARD

Regarding an application for transfer of interests by partner(s) of the Mining Fund, the general liability partner is authorized to independently approve or disapprove such application, but the general liability partner should approve the following transfer applications:

- (a) where the Intended Transferee is an associate of the Transferor or spouse, parents or children of the Transferor and that the Transferor bears joint and several liability for the subsequent contribution duty of the Intended Transferee; or
- (b) the Transferor must transfer its interests pursuant to laws, regulations and relevant policy adjustments.

Subject to the provisions herein, the general liability partner and its associates should enjoy a pre-emptive right in a transfer or withdrawal of interests of limited liability partners. Such pre-emptive right of the general liability partner and its associates shall be exercised within 5 working days after the application was effective, failure to do so would be deemed a voluntary renunciation of its pre-emptive right.

(j) Withdrawal

Any partner of the Mining Fund has to withdraw from the Mining Fund if any of the following events occurs, including but not limited to:

- i. the business licence of the partner of the Mining Fund is revoked, or is ordered to close down or be revoked, or is declared bankrupt; and
- ii. all assets in the Mining Fund held by the partner of the Mining Fund are subject to compulsory enforcement of the court.

The JV Company, being one of the limited liability partners, may be forced to withdraw from the Mining Fund by Lianchuang if any one of the following events occur:

- i. the JV Company is considered as not possessing the qualifications as a limited liability partner under Mining Fund Agreement; or
- ii. the JV Company fails to perform its obligations in a role as a limited liability partner under the Mining Fund Agreement.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

Cixi Xingxin is a wholly-owned subsidiary of the Company. As Hu Mingda and Hu Minglie are sons of Mr. Hu, the chairman of the Board and an executive Director, thus, both Hu Mingda and Hu Minglie are associates of Mr. Hu and hence connected persons of the Company for the purpose of the Listing Rules. The entering into the JV Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the largest applicable percentage ratios calculated for the Company in respect of the JV Transaction is more than 5% but less than 25%, the JV Transaction constitutes a discloseable and connected transaction under Chapter 14 and 14A of the Listing Rules subject to the reporting, announcement and independent shareholders' approval requirements.

INDEPENDENT FINANCIAL ADVISER

Ample Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the JV Transaction. The letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, containing its advice and recommendations, is set out on pages 21 to 31 of this circular. Ample Capital is of the view that the terms of the JV Agreement are on normal commercial terms and fair and reasonable, and the business to be conducted by the JV Company is consistent with the ordinary and usual course of business of the Group and the JV Transaction is in the interests of the Company and the Shareholders as a whole. Accordingly, Ample Capital advises the Independent Board Committee to recommend the Independent Shareholders to approve the JV Transaction.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all of the independent non-executive Directors, has been formed to advise the Independent Shareholders in respect of the JV Transaction. Your attention is drawn to the advice from the Independent Board Committee set out in their letter dated 10 May 2012 on pages 19 to 20 of this circular.

Having regard to the opinion of Ample Capital which is set out on pages 21 to 31 of this circular, the Independent Board Committee is of the opinion that the terms of the JV Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole and the JV Transaction is on normal commercial terms and in the ordinary and usual course of business of the Company. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the entering into of the JV Agreement and the JV Transaction.

LETTER FROM THE BOARD

EGM

Set out on pages 39 to 40 of this circular is a notice convening the EGM to be held at 10:00 a.m., on Wednesday, 30 May 2012 at No. 1 Linfang Road, Bailiangqiao, Zonghan, Cixi City, Zhejiang Province, the PRC at which an ordinary resolution will be proposed to approve the entering into of the JV Agreement and the JV Transaction. The EGM is to be held for the purpose of considering and approving by the Independent Shareholders the entering into of the JV Agreement and the JV Transaction.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, as soon as possible and in any event no later than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting and any adjourned meeting (as the case may be) should you so wish.

In accordance with Rule 13.39(4) of the Listing Rules, voting at the EGM will be conducted by poll. Mr. Hu and his respective associates, in aggregate holding 368,773,800 Shares as at the Latest Practicable Date, will abstain from voting at the EGM in respect of the resolution for the approval of the JV Agreement and the JV Transaction. The results of the voting will be announced in accordance with Rule 2.07C of the Listing Rules after the EGM.

RECOMMENDATION

The Directors consider that the terms of the JV Agreement are agreed after arm's length negotiation between the Parties. The Directors consider that the JV Transactions have been made in the ordinary and usual course of business and on normal commercial terms and that such terms are fair and reasonable so far as the Company and its Shareholders as a whole are concerned and that such transactions are in the interest of the Company and its Shareholders as a whole. Accordingly, the Board recommends that the Independent Shareholders should vote in favour of the ordinary resolution to be proposed at the EGM to approve the JV Agreement and the JV Transaction.

ADDITIONAL INFORMATION

Your attention is also drawn to the other additional information set out in the Appendix in this circular and the notice of the EGM.

Yours faithfully,
By Order of the Board
Xingye Copper International Group Limited
Hu Changyuan
Chairman



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)

10 May 2012

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RESPECT OF FORMATION OF A JOINT VENTURE COMPANY
AND
NOTICE OF EGM**

We refer to the circular dated 10 May 2012 (the “**Circular**”) issued by the Company to its Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed by the Board to form the Independent Board Committee to advise the Independent Shareholders as to whether, in our opinion, the JV Agreement and the JV Transaction are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Ample Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

We wish to draw your attention to the letter from the Board and the letter from Ample Capital set out in the Circular.

Having considered the terms of the JV Agreement and the JV Transaction, the advice of Ample Capital set out in its letter of advice contained in the Circular and the relevant information contained in the letter from the Board, we are of the opinion that the JV Agreement and the JV Transaction are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

Yours faithfully,
For and on behalf of
Independent Board Committee of
Xingye Copper International Group Limited

Mr. HE Changming
Independent Non-executive Director

Mr. CUI Ming
Independent Non-executive Director

Mr. XIE Shuisheng
Independent Non-executive Director

Mr. CHAI Chaoming
Independent Non-executive Director

Ms. LI Li
Independent Non-executive Director

AmCap

Ample Capital Limited

豐盛融資有限公司

Ample Capital Limited
Unit A, 14th Floor
Two Chinachem Plaza
135 Des Voeux Road Central
Hong Kong

10 May 2012

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RESPECT OF FORMATION OF A JOINT VENTURE COMPANY**

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the JV Transaction, details of which are contained in the Letter from the Board (“the Letter from the Board”) contained in the circular (the “Circular”) of the Company to the Shareholders dated 10 May 2012, of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context otherwise requires.

On 10 April 2012, Cixi Xingxin, an indirect wholly-owned subsidiary of the Company, Hu Mingda and Hu Minglie entered into the JV Agreement, pursuant to which the Parties agreed to form the JV Company. It is intended that the JV Company will then invest in the Mining Fund. The total investment and the registered capital of the JV Company both amount to RMB51,000,000 and will be contributed by Cixi Xingxin, Hu Mingda and Hu Minglie by way of cash as to 60%, 20% and 20% respectively. Following the completion of the JV Transaction, the JV Company will become a non-wholly owned subsidiary of the Company.

As Hu Mingda and Hu Minglie are sons of Mr. Hu, the chairman of the Board and an executive Director, both Hu Mingda and Hu Minglie are associates of Mr. Hu and hence connected persons of the Company for the purpose of the Listing Rules. Accordingly, the JV Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Since the largest applicable percentage ratio calculated for the Company in respect of the JV Transaction is more than 5% but less than 25%, the JV Transaction constitutes a discloseable and connected transaction under Chapter 14 and 14A of the Listing Rules subject to the reporting, announcement and independent shareholders’ approval requirements.

LETTER FROM AMPLE CAPITAL

Mr. Hu and his associates are required to abstain from voting at the EGM in respect of the JV Transaction. As at the Latest Practicable Date, Mr. Hu and his associates beneficially held 368,773,800 Shares, representing approximately 52.72% of the issued share capital of the Company.

The Independent Board Committee has been established to advise whether the terms of the JV Transaction are fair and reasonable and whether the JV Transaction is in the interests of the Company and its Shareholders as a whole and to advise the Independent Shareholders on how to vote. The Independent Board Committee comprising Mr. He Changming, Mr. Cui Ming, Mr. Xie Shuisheng, Mr. Chai Chaoming and Ms. Li Li., all being independent non-executive Directors, has been formed to advise the Independent Shareholders in this respect.

BASIS OF OUR ADVICE

In arriving at our recommendation, we have relied on the information and facts provided by the Company and have assumed that any representations made to us are true, accurate and complete. We have also relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information, representations and opinions which have been provided by the Directors and management of the Company for which they are solely responsible, are true and accurate at the time they were made and will continue to be accurate at the date of the despatch of the Circular.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Directors and management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group.

LETTER FROM AMPLE CAPITAL

PRINCIPAL FACTORS TAKEN INTO ACCOUNT

The principal factors and reasons that we have taken into consideration in assessing the terms of the JV Transaction and arriving at our opinion are set out as follows:

1. Background and reason for the JV Transaction

(i) Information on the Group

The Group is principally engaged in the production and sales of high precision copper plates and strips in the PRC. To explore further business opportunities, the Group has also started investing in the domestic private equity funds. As of 31 December 2011, the Group has invested a total of RMB35.0 million in two partnerships, being private equity funds. Most of the investment projects of the funds involve enterprises in tourism, energy and property sectors.

According to the Group's annual report for the year ended 31 December 2011 (the "2011 Annual Report"), various plans are laid out and being implemented to further develop its business. To continue expanding its production capacities, the Group has invested RMB600 million to upgrade its equipments, introduce world-class production line and as well escalate its scale of operation. Due to the frequent fluctuations in metal prices, bulk trades of metals represent business opportunities and the Group will continue to conduct trading of raw materials to optimize profitability.

Set out below is a summary of financial highlights of the Group for the past two years extracted from the 2011 Annual Report.

	2011	2010
	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	3,508,781	2,894,048
Gross Profit	180,614	226,608
Result from operating activities	187,004	162,348
Profit/(loss) attributable to equity shareholders of the Company	89,671	98,690

LETTER FROM AMPLE CAPITAL

Revenue has been sloping up steadily throughout the period. The total revenue of the Group for the year ended 31 December 2011 increased by approximately 21.2% to approximately RMB3,508.8 million from approximately RMB2,894.0 million as compared to that of 2010. As per the Group's annual results for the year ended 31 December 2011, the boost was driven by robust trade of raw materials and rise in average copper price (average copper price per ton in 2011 and 2010 were RMB66,757 and RMB58,839 respectively). Gross profit dropped in 2011, mainly due to the increase in cost of raw materials and production.

Set out below is the segment results derived from the sales of copper products, trading of raw materials, and provision of processing services to external customers, as well as income derived from listed and unlisted equity and debt investments, for the two years ended 31 December 2010 and 31 December 2011 respectively as extracted from the 2011 Annual Report.

For the year ended 31 December 2011

	Sales of copper products <i>RMB'000</i>	Trading of raw materials <i>RMB'000</i>	Processing services <i>RMB'000</i>	Investment <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue:					
Revenue from external customers	2,433,313	957,418	118,050	–	3,508,781
Inter-segment revenue	2,038,422	2,481,203	22,791	–	4,542,416
Other income	–	–	–	1,534	1,534
Reportable segment revenue	<u>4,471,735</u>	<u>3,438,621</u>	<u>140,841</u>	<u>1,534</u>	<u>8,052,731</u>
Reportable segment profit	<u>130,400</u>	<u>10,874</u>	<u>39,340</u>	<u>-617</u>	<u>179,997</u>

LETTER FROM AMPLE CAPITAL

For the year ended 31 December 2010

	Sales of copper products <i>RMB'000</i>	Trading of raw materials <i>RMB'000</i>	Processing services <i>RMB'000</i>	Investment <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue:					
Revenue from external customers	2,451,944	323,889	118,215	–	2,894,048
Inter-segment revenue	2,196,659	1,995,640	13,005	–	4,205,304
Other income	–	–	–	–	–
Reportable segment revenue	<u>4,648,603</u>	<u>2,319,529</u>	<u>131,220</u>	<u>–</u>	<u>7,099,352</u>
Reportable segment profit	<u>180,841</u>	<u>4,510</u>	<u>41,257</u>	<u>5,961</u>	<u>232,569</u>

As noted from the above segment analysis, revenue generated from sales of high precision copper plates and strips and processing services in 2011 remained flat compared to last year. For the sales of copper products, the profit has dropped from 2010's approximately RMB181 million by approximately 27.9% to approximately RMB130 million in 2011. According to the 2011 Annual Report, the average gross profit per ton of sales of high precision copper plates and strips fell to RMB3,200 in 2011 from RMB4,000 in 2010, which was mainly attributable to the inflating cost of raw materials and production. Processing services generated profit of approximately RMB41.2 million in 2010 and the figure fell to approximately RMB39.3 million in 2011. The average gross profit per ton of processing services also recorded a drop to RMB1,670 in 2011 from RMB1,860 in 2010, dragged by growing labor costs and downward adjustment in processing service fees.

In 2011, revenue generated from trading of raw materials accounted for a larger proportion of the total, showing an increase of approximately 16.1% from previous year. Meanwhile, gross profit of the trading business also grew to approximately RMB10.9 million in 2011 from approximately RMB4.5 million in 2010 in the same period. Such hikes in both revenue and gross profit were in line with the strategic trade expansion plan of the Group to conduct trading of raw materials.

(ii) Information on the Mining Fund

According to the information provided by the Company, the Mining Fund is a private equity fund, which is a partnership enterprise established in the PRC with limited liability, with a target size of RMB3 billion. Currently, the Mining Fund has already raised around RMB1.7 billion and is still opening for further investment. It has already made investment in a mining enterprise. We have reviewed the introduction material of the current investment of the Mining Fund and understand that the above mining enterprise possesses gold mines in several areas of the PRC comprising Sichuan, Gansu and Xinjiang with a proved reserve of around 120 tonnes. The Mining Fund will focus on investment in mining resources, rare resources and new energy projects. Lianchuang is the general liability partner and managing partner of the Mining Fund that is responsible for the investment of the Mining Fund. Lianchuang and its key personnel have profound investment experience, including experience in other mining funds, details of which are set out in the Letter from the Board, and the total fund size which has previously under the management of the key personnel of Lianchuang was over RMB20 billion. We concur with the Directors' view that it can lower the Group's investment risk as its investment in mining projects are through investing in a fund managed by experienced fund manager.

We have reviewed (i) the template of the Mining Fund Agreement; and (ii) the marketing materials in relation to the Mining Fund, which set out, among other things, the investment objective, investment restriction, distribution policy (details of which are set out in the Letter from the Board). We understand from the Company that the terms of the final version of the Mining Fund Agreement will be materially the same as those in the template of the Mining Fund Agreement provided to us and we consider that the Group's investment in the Mining Fund will be protected by the terms of such agreement.

(iii) Information on the other partners of the JV Company

According to the information provided by the Company and the confirmation provided by Hu Minglie, Hu Minglie is an investor with extensive experience, who is currently the general liability partner of 天津雷石泰和股權投資管理合夥企業 (Tianjin Leishi Taihe Equity Investment Management Company) being a partnership enterprise managing about RMB500 million and the founding partner of 遠瞻股權投資管理 (上海) 有限公司 (Yuanzhan Equity Investment Management (Shanghai) Company Limited), being an enterprise managing equity of about RMB50 million.

Also, according to the information provided by the Company and the confirmation provided by Hu Mingda, Hu Mingda is an investor with around 20 years of experience in various kinds of investment, including equity investment, securities and funds and the total size of investment over years is over RMB100 million.

LETTER FROM AMPLE CAPITAL

We understand from the Company that the investment opportunity in the Mining Fund is referred by Hu Mingda and Hu Minglie. Taking into account the investment experience of Hu Mingda and Hu Minglie and the advantage of joint investment with them as mentioned in the paragraph headed “Reasons for the JV Transaction” below, we consider the joint investment with Hu Mingda and Hu Minglie is a commercially reasonable move of the Company.

(iv) Reasons for the JV Transaction

According to the Letter from the Board, the Group has been conducting inspection and project analysis regarding mining resources in the PRC since 2011. By investing into the Mining Fund through the JV Company, the Group will be able to accumulate valuable experience in relation to investment in mining resources.

We understand from the Group that exploring new investment opportunities has long been one of the development strategies of the Group. In particular, as mentioned in the annual report of the Group for the year ended 31 December 2010, the Group has been looking for investment opportunities for both upstream and downstream industry chain. Moreover, as mentioned in the 2011 Annual Report, in relation to the exploration of business opportunities, the Group has diversified investment channels, initiated cross-industry development and expanded both the upstream and downstream industry chain and the Group focuses on selecting projects with strong synergy effects with the Group’s existing business, such as copper mine. As regards the Group’s action to explore new investment opportunities, we understand that the Group has already invested RMB15 million and RMB20 million in two partnerships being private equity funds.

We also understand from the Company that with an investment size of RMB50 million or above in the Mining Fund, an investor can enjoy certain rights, including: (i) the right to participate in the JV Company’s strategic meetings held by the Mining Fund twice a year, the content of which includes reporting on the status of investment projects and sharing investment experience; and (ii) the right to seek advice and consultation regarding mining investment projects. We consider that with such right, the Group can accumulate investment experience in mining resources and can expose to more investment opportunities. In view that the Group can achieve the RMB50 million investment size with smaller size of investment by jointly invest with the JV Company partners and the Group, being the parties to manage the JV Company, can enjoy the rights mentioned above, we consider that the joint investment with the JV Company partners is a commercially reasonable move of the Company.

LETTER FROM AMPLE CAPITAL

Taking into consideration that (i) the investment in the Mining Fund pursuant to the JV Transaction is in line with the development plan of the Group; and (ii) the JV Transaction allows the Group to accumulate investment experience in mining projects and be exposed to investment opportunities with lesser amount of investment and accordingly investment risk is lowered, we are of the view that the JV Transaction is in the interests of the Group and the Shareholders as a whole.

2. Principal terms of the JV Agreement

a. Total investment and registered capital

The total investment and the registered capital of the JV Company both amount to RMB51,000,000. Cixi Xingxin, Hu Mingda and Hu Minglie shall make investments of RMB30,600,000, RMB10,200,000 and RMB10,200,000 respectively into the JV Company by way of cash which is in accordance with their respective equity interest in the JV Company.

The registered capital of the JV Company was determined based on an intended investment of RMB50,000,000 to the Mining Fund, a management fee of RMB600,000 and RMB400,000 to be reserved as the general working capital of the JV Company.

b. Term of co-operation

The JV Company is for a term of 7 years from the issue of the business licence by the relevant PRC authorities following the formation of the JV Company. Taking into consideration that the only purpose of establishing the JV Company is to invest in the Mining Fund and we understand that such term is in line with the proposed term of the Mining Fund, we consider that such term is reasonable.

c. Management of the JV Company

Cixi Xingxin is the managing partner of the JV Company and shall deal with the affairs of the JV Company. Cixi Xingxin should represent the JV Company to handle any external affairs of the JV Company, including participating in strategic meetings held by the Mining Fund twice a year. Moreover, Cixi Xingxin should present to other partners of the JV Company certain investment and financial reports.

The other partners of the JV Company are prohibited from dealing with the affairs of the Company. If any partner of the JV Company is in breach of such and result in any loss to the JV Company or other partners of the JV Company, it should be liable for damages. We consider such term can protect the Group against loss resulted from the misconduct of the other partners of the JV Company.

d. Profit and loss sharing

Cixi Xingxin, Hu Mingda and Hu Minglie shall share the profits and losses of the JV Company in proportion to their respective equity interests in the JV Company. In this regard, (i) when there is distribution before the sale or withdrawal of the JV Company's interest in the Mining Fund, the distribution shall be shared among the Parties in proportion to their respective equity interests in the JV Company; (ii) when the JV Company sell or withdraw its interest in the Mining Fund, the net proceeds shall be shared among the Parties in proportion to their respective equity interests in the JV Company.

The JV Company is a partnership enterprise with limited liability. According to the JV Agreement, Cixi Xingxin is a general liability partner with unlimited liability for the debts incurred by the JV Company while each of Hu Mingda and Hu Minglie is a limited liability partner with liability limited to his respective capital contribution. Taking into account that according to the terms of the JV Agreement (i) the only purpose of establishing the JV Company is to invest in the Mining Fund by the capital contribution of the Parties and the JV Company will not engage in other forms of investment and operating activities; and (ii) the JV Company is prohibited from taking on debts or providing guarantee, we are of the view that the liability exposure of Cixi Xingxin is in substance not different from that of the other two JV Company partners.

e. Management fee

A management fee of RMB600,000 will be paid to Cixi Xingxin. In view that the only purpose of establishing the JV Company is to invest in the Mining Fund, Cixi Xingxin, being the managing partner of the JV Company, has to face limited scope of management work as stated in the paragraph headed "Management of the JV Company", we consider that the RMB600,000 management fee paid to Cixi Xingxin commensurate with the management work to be conducted by the Group.

Since the registered capital and profit sharing mechanism of the JV Company are set in proportion to the equity interests of the Parties and Cixi Xingxin, as the major holder of the equity interests of the JV Company, is able to manage the JV Company on a sole basis, we are of the view that the principal terms of the JV Agreement are on normal commercial terms and are fair and reasonable.

3. Financial effect of the JV Transaction on the Group

(i) Earnings

As the JV Company will become a non-wholly owned subsidiary of the Group, its account will be consolidated into the financial statement of the Group.

The JV Company is not expected to bring any immediate impact to the earnings of the Group. The effect on the future earnings of the Group will depend on the operating results of the JV Company, which in turn, depends on the return from the investment in the Mining Fund.

(ii) Assets and liabilities

The JV Company is newly established and each of the Parties shall contribute the capital of the JV Company in proportion to its respective equity interests. There would be no material impact on the consolidated net assets of the Group attributable to the Shareholders after completion of the JV Transaction as the capital contribution of RMB30,600,000 by the Group will be financed by internal resources of the Group and accordingly the contributed amount in cash will be replaced by the Group's share of the net assets of the JV Company.

(iii) Gearing and cash flow

As the aforementioned investment amount of RMB30,600,000 will be financed by the Group's internal resources and will not involve any debt financing, the total debt of the Group will not be affected. Accordingly, the gearing ratio of the Group will remain unchanged.

As at 31 December 2011, the audited cash and bank balances of the Group amounted to approximately RMB240 million. In view that the capital contribution to the JV Company amount to RMB30,600,000, we are of the view that the Group will have sufficient internal financial resources to satisfy the capital contribution taking into account the substantial cash reserves of the Group.

LETTER FROM AMPLE CAPITAL

RECOMMENDATION

Having taken into account the principal factors and reasons referred to the above, we are of the opinion that the terms of the JV Agreement are normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and the business to be conducted by the JV Company is consistent with the ordinary and usual course of business of the Group and the JV Transaction is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, as well as the Independent Shareholders, to vote in favour of the ordinary resolution(s) in respect of approving the JV Transaction.

Yours faithfully,

For and on behalf of
Ample Capital Limited

H. W. Tang
President

For and on behalf of
Ample Capital Limited

Thomas Leung
Senior Vice President

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF DIRECTORS’ INTERESTS FOR THE COMPANY

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the SFO, which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which they were taken or deemed to have under such provisions of the SFO; or (b) pursuant to section 352 of the SFO to be entered in the register referred to therein; or (c) to be notified to the Company, and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) as contained in the Listing Rules, were as follows:

(i) Long position in the Shares

Name of Directors	Capacity	Number of Shares held	Approximate percentage of shareholding*
Hu Changyuan	Founder of a discretionary trust	265,200,000 (Note 1)	37.92%
Chen Jianhua	Beneficial owner	1,480,000	0.21%
Wang Jianli	Beneficial owner	1,060,000	0.15%
Ma Wanjun	Beneficial owner	1,060,000	0.15%
He Changming	Beneficial owner	120,000	0.02%
Cui Ming	Beneficial owner	220,000	0.03%
Xie Shuisheng	Beneficial owner	166,000	0.02%
Chai Chaoming	Beneficial owner	134,000	0.02%
Li Li	Beneficial owner	320,000	0.05%

Notes:

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

* *The percentages are calculated based on total issued number of Shares of 699,501,950 as at the Latest Practicable Date.*

(ii) Long position in underlying shares of equity derivatives of the Company

The share option scheme of the Company was adopted on 1 December 2007 under which the Directors may, at their discretion, invite any employees of the Group or Directors to take up options to subscribe for Shares subject to the terms and conditions stipulated in the share option scheme.

On 19 March 2012, 41,670,000 share options were granted to certain individuals under the share option scheme of the Company adopted on 1 December 2007, of which 10,200,000 share options were granted to the Directors, details of which are as follows:

Name	Date of grant	Exercisable period (Notes)	Number of share options	Exercisable price per share HK\$
Chen Jianhua	19 March 2012	(1)	2,400,000	1.34
Wang Jianli	19 March 2012	(1)	2,400,000	1.34
Ma Wanjun	19 March 2012	(1)	2,400,000	1.34
He Changming	19 March 2012	(1)	600,000	1.34
Cui Ming	19 March 2012	(1)	600,000	1.34
Xie Shuisheng	19 March 2012	(1)	600,000	1.34
Chai Chaoming	19 March 2012	(1)	600,000	1.34
Li Li	19 March 2012	(1)	600,000	1.34

Note:

- (1) Divided into three tranches, exercisable from 19 March 2013, 19 March 2014, 19 March 2015, respectively, to 30 June 2016 and such share options remained outstanding as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, none of the Directors and chief executives of the Company or their respective associates had any interests or short positions in any Shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, so far as was known to the Directors, none of the Directors were also directors or employees of a company which has an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS’ INTERESTS

So far as was known to the Directors or chief executive of the Company, as at the Latest Practicable Date, the following persons (other than a Director or chief executive of the Company) or corporations had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group or in any options in respect of such capital:–

Name of Shareholder	Capacity and nature of interest	Number of Shares held	Approximate percentage of shareholding*
Luckie Strike Limited	Beneficial owner	110,000,000(L)	15.73%
Come Fortune International Limited	Beneficial owner	155,200,000(L)	22.19%
Dynamic Empire Holdings Limited (<i>Note 1</i>)	Interest of a controlled corporation	265,200,000(L)	37.92%
Barclays Wealth Trustees (Singapore) Limited (<i>Note 1</i>)	Trustee (other than a bare trustee)	265,200,000(L)	37.92%
Barclays PLC (<i>Note 2</i>)	Interest of a controlled Corporation	32,000(S)	0.005%
	Trustee (other than a bare trustee)	265,200,000(L)	37.92%
Yu Yuesu (<i>Note 3</i>)	Interest of a spouse	265,200,000(L)	37.92%

Notes:

1. The Shares were held by Luckie Strike Limited and Come Fortune International Limited which were wholly owned by Dynamic Empire Holdings Limited. The entire issued share capital of Dynamic Empire Holdings Limited was beneficially owned by the Hu Family Trust, the trustee of which was Barclays Wealth Trustees (Singapore) Limited. Dynamic Empire Holdings Limited was deemed to be interested in all the Shares in which Luckie Strike Limited and Come Fortune International Limited is interested by virtue of the SFO. Barclays Wealth Trustees (Singapore) Limited was deemed to be interested in all the Shares in which Dynamic Empire Holdings Limited was interested by virtue of the SFO. The Shares registered in the name of Luckie Strike Limited and Come Fortune International Limited was also disclosed as the interest of Mr. Hu Changyuan in the section headed “Disclosure of Directors’ interests for the Company” above.
2. Barclays Wealth Trustees (Singapore) Limited was wholly owned by Barclays PLC. Barclays PLC was deemed to be interested in all the Shares in which Barclays Wealth Trustees (Singapore) Limited was interested by virtue of the SFO.
3. Ms. Yu Yuesu is deemed to be interested in these shares under the SFO by virtue of being the spouse of Mr. Hu.

The letter “S” denotes a short position in the Share

The letter “L” denotes a long position in the Share

* *The percentages are calculated based on total number of issued Shares of 699,501,950 as at the Latest Practicable Date.*

Save as disclosed above, as at the Latest Practicable Date, there was no person, other than a director or chief executive of the Company, known to the Directors who had an interest or short position in the Shares or underlying shares of the Company (as the case may be) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10%, or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or a proposed service contract with any member of the Group which is not expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

5. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors, or so far as is known to them, any of their respective associates (as defined in the Listing Rules) was interested in any business apart from the Group’s businesses which competes or is likely to compete either directly or indirectly with the businesses of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder).

6. INTERESTS IN ASSETS AND/OR CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 31 December 2011, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, save as disclosed, none of the Directors was materially interested in any contract or arrangement which is significant in relation to the business of the Group.

7. DIRECTORS' INTEREST IN THE JV TRANSACTION

Mr. Hu had material interest in the JV Agreement and the JV Transaction and had abstained from voting on the relevant Board resolutions concerning the JV Agreement and the JV Transaction.

As at the Latest Practicable Date, other than Mr. Hu, none of the Directors had any material interest in the JV Agreement and the JV Transaction and were required to abstain from voting on the resolution passed by the Board to approve the entering into of the JV Agreement and the JV Transaction.

8. MATERIAL CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2011 (being the date to which the latest published audited financial statements of the Group have been made up).

9. LITIGATION

As at the Latest Practicable Date, the Directors were not aware of any other litigation or claim of material importance pending or threatened against any member of the Group.

10. EXPERTS AND CONSENT

- (a) The following is the qualification of Ample Capital which has provided its opinion or advice which is contained in this circular:

Name	Qualification
Ample Capital	a corporation licensed by the SFC for carrying out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

- (b) As at the Latest Practicable Date, Ample Capital did not have any shareholding directly or indirectly in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) As at the Latest Practicable Date, Ample Capital did not have any direct or indirect interest in any asset which had been, since 31 December 2011, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (d) Ample Capital has given and has not withdrawn its written consent to the issue of this circular with inclusion of its letter and references to its name in the form and context in which they appear.
- (e) The letter of Ample Capital is given as of the date of this circular for incorporation herein.

11. MISCELLANEOUS

The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the Company's principal place of business in Hong Kong at Flat 11, 11/F, Hung Tai Industrial Building, 37-39 Hung To Road, Kwun Tong, Kowloon, Hong Kong for a period of 14 days (excluding Saturdays and public holidays) from the date of this circular and will be available for inspection at the EGM:

- (a) the articles of association of the Company;
- (b) the JV Agreement;
- (c) the letter from the Independent Board Committee, the text of which is set out in the section headed "Letter from the Independent Board Committee" as set out in this circular;
- (d) the letter from Ample Capital, the text of which is set out in the section headed "Letter from Ample Capital" of this circular;
- (e) the written consent of Ample Capital and referred to in this Appendix; and
- (f) the 2010 and 2011 annual report of the Company (containing the consolidated audited financial statements of the Company and its subsidiaries for each of the two financial years ended 31 December 2010 and 31 December 2011 respectively).

NOTICE OF EGM



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the shareholders of Xingye Copper International Group Limited (the “**Company**”) will be held at 10:00 a.m., on Wednesday, 30 May 2012 at No. 1 Linfang Road, Bailiangqiao, Zonghan, Cixi City, Zhejiang Province, the PRC for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (a) the entering into of the JV Agreement between Cixi Xingxin, Hu Mingda and Hu Minglie, a copy of which has been produced to the meeting and signed by the Chairman of the meeting for identification purposes, and the JV Transaction, details of which are more particularly described in the circular of the Company dated 10 May 2012, be and are hereby approved, confirmed and ratified; and
- (b) any one Director of the Company be and is hereby authorised for and on behalf of the Company to execute any such other documents, instruments and agreements and to do any such acts or things deemed by him to be incidental to, ancillary to or in connection with the matters contemplated in the JV Agreement and the JV Transaction.”

By Order of the Board

Xingye Copper International Group Limited

Hu Changyuan

Chairman of the Board

Hong Kong, 10 May 2012

NOTICE OF EGM

Notes:

- (1) A form of proxy for use at the meeting is enclosed herewith.
- (2) Any member of the Company entitled to attend and vote at the meeting is entitled to appoint in writing one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company. The proxies of a member who has appointed more than one proxy may only vote on a poll.
- (3) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer, attorney or other person authorised to sign the same. If that instrument is signed by an attorney of the appointor, the power of attorney authorising the attorney to sign, or other documents of authorisation, must be notarially certified.
- (4) In order to be valid, the form of proxy, together with the power of attorney (if any) or other authority (if any) under which it is signed, or a notarilly certified copy of such power or authority, must be deposited at the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be).
- (5) Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holders present whose name stands first on the register of members in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.
- (6) Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
- (7) The register of members of the Company will be closed, for the purpose of determining the identity of members who are entitled to attend and vote at the meeting, from 28 May 2012 to 30 May 2012, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the meeting, all properly completed and duly stamped transfer forms accompanied by the relevant share certificates should be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 25 May 2012.

As at the date of this notice of meeting, the executive directors of the Company are Mr. Hu Changyuan, Mr. Chen Jianhua, Mr. Wang Jianli and Mr. Ma Wanjun 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.