



CHINA POLYMETALLIC MINING LIMITED 中國多金屬礦業有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 2133

2016 INTERIM REPORT



Table of Contents

2	Corporate Profile
3	Corporate Information
5	Financial Highlights
7	Management Discussion and Analysis
20	Other Information and Corporate Governance Highlights
30	Environment, Social and Governance Report
37	Report on Review of Interim Condensed Financial Information
	Interim Condensed Financial Information:
38	Consolidated Statement of Profit or Loss and Other Comprehensive Income
39	Consolidated Statement of Financial Position
41	Consolidated Statement of Changes in Equity
42	Consolidated Statement of Cash Flows
44	Notes to Interim Condensed Financial Information
62	Glossary

Corporate Profile

CHINA POLYMETALLIC MINING LIMITED was incorporated in the Cayman Islands under the Companies Law on 30 November 2009 and was listed on the main board of the Hong Kong Stock Exchange on 14 December 2011.

The Company is one of the leading silver, lead and zinc mining companies in China and Myanmar and was the first company which solely engaged in mining non-ferrous metals to list on the Hong Kong Stock Exchange. We will further leverage our unique position as a leading mining company in Asia and close proximity to our major customers to meet the demand for silver, lead and zinc while maximising returns for our shareholders.

Corporate Information

As at 26 July 2016

DIRECTORS

Executive Director
Mr. Ran Xiaochuan

Non-Executive Director
Mr. Lee Kenneth Jue

Independent Non-Executive Director
Mr. Miu Edward Kwok Chi

AUDIT COMMITTEE

Mr. Miu Edward Kwok Chi

NOMINATION AND REMUNERATION COMMITTEE

Mr. Miu Edward Kwok Chi (*Chairman*)
Mr. Lee Kenneth Jue

SAFETY, HEALTH AND ENVIRONMENT COMMITTEE

Mr. Ran Xiaochuan (*Chairman*)
Mr. Lee Kenneth Jue

STRATEGY COMMITTEE

Mr. Ran Xiaochuan
Mr. Miu Edward Kwok Chi

COMPANY SECRETARY

Ms. Chan Wai Ling

AUTHORISED REPRESENTATIVES

Mr. Ran Xiaochuan
Ms. Chan Wai Ling

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE

15/F Fortune Plaza Office Building
No. 11 Menghuan Road, Mang City
Dehong Prefecture, Yunnan Province
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2509, 25/F
Tower One Lippo Centre
No. 89 Queensway
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Corporate Information

As at 26 July 2016

LEGAL ADVISERS

As to Hong Kong Law
Dentons Hong Kong

As to Cayman Islands Law
Conyers Dill & Pearman

AUDITORS

Ernst & Young

INVESTOR RELATIONS CONTACT

Tel: +852 2180 7577
Room 2509, 25/F
Tower One Lippo Centre
No. 89 Queensway
Hong Kong

PRINCIPAL BANKERS

Ping An Bank Co., Ltd
Agricultural Bank of China
China Merchants Bank
Citibank

STOCK CODE

2133

WEBSITE ADDRESS

www.chinapolymetallic.com

Financial Highlights

The Group's summary of published results during the Review Period and the corresponding period of 2015, and the figures of assets, liabilities and non-controlling interests as at 30 June 2016 and 31 December 2015 are set out below:

RESULTS

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Revenue	11,035	78,336
Cost of sales	(11,604)	(35,793)
Gross profit/(loss)	(569)	42,543
Loss for the period	(64,458)	(6,538)
Attributable to:		
Owners of the Company	(63,909)	(6,194)
Non-controlling interests	(549)	(344)
	(64,458)	(6,538)
Loss per share attributable to ordinary equity holders of the Company		
— Basic and diluted	RMB(0.032)	RMB(0.003)
Other comprehensive income for the period, net of tax	—	8,951
Total comprehensive income/(loss) for the period	(64,458)	2,413
Attributable to:		
Owner of the Company	(63,909)	2,667
Non-controlling interests	(549)	(254)
	(64,458)	2,413

Financial Highlights

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Non-current assets	1,710,294	1,700,530
Current assets	710,313	785,131
Current liabilities	503,777	505,105
Non-current liabilities	323,801	323,156
Total equity	1,593,029	1,657,400
Attributable to:		
Owners of the Company	1,529,881	1,593,703
Non-controlling interests	63,148	63,697
	1,593,029	1,657,400

Management Discussion and Analysis

MARKET REVIEW

The investment atmosphere was sluggish during the Review Period due to weak recovery of the global economy overall. Despite an extremely loose monetary policy having been adopted, Japanese and European economic recovery failed to meet expectations. The recent Brexit event has disrupted the global economic landscape, causing turmoil in global equity markets, foreign currency markets and trading channels and further aggravated global economic recovery, while emerging economies did not fair well either. As for the domestic situation, China's economy remained relatively stable for the first half of year 2016, with a slower development pace at a reported growth rate of 6.7%.

During the Review Period, the overall trend of China's commodity markets went upward somewhat. The prices of crude oil recorded the largest half-year growth, which has effectively increased the prices of downstream petrochemical products and propelled the growth of the commodity markets. Therefore, most of the industrial chains jointly formed a virtuous circle to achieve profits. The supply-side reform began to achieve some initial successes. Amid the ongoing de-capacity of steel, non-ferrous and energy sectors, supply tightened up, which was beneficial to the markets. Meanwhile, the cut in loan reserve requirement ratio by the People's Bank of China, coupled with the monetary environment being relaxed somewhat, new policies on the property industry and other related policies have further stimulated market demands.

During the Review Period, China's output of lead was 1.971 million tons, representing a year-on-year increase of 2.8%; while the output of zinc was 3.026 million tons, representing a year-on-year decrease of 0.9%. According to the information from the Shanghai Futures Exchange, lead price dropped by approximately 3.85% during the Review Period whereas zinc price and silver price showed better performance due to supply shortage in zinc ore market and gold prices increased due to its risk-avoidance nature.

Meanwhile, the PRC government has proactively launched various policies to stimulate and support the development of non-ferrous metals industry. Under the implementation of "One Belt, One Road" strategy and attempts to establish a new open economic system to speed up the "Go-Global" initiative in order to increase the utilization of both domestic and international resources and enhance the markets. The creation of a more open industrial landscape featuring quality imports and exports, and closer interactions between domestic and international markets to develop international cooperation. Towards that end, relevant PRC government authorities will prepare the "13th Five-Year Plan" for non-ferrous metal industry, with the aim to strengthen cooperation on the development of offshore resources and production capacity.

During the Review Period, the General Office of the State Council published the "Guiding Opinions on Creating a Sound Market Environment to Improve the Restructuring, Transformation and Benefit of Non-Ferrous Metal Industry" (《關於營造良好市場環境促進有色金屬工業調結構促轉型增效益的指導意見》). This includes structural reformation of non-ferrous metal industry will be strengthened in various aspects, including de-capacity, financial and tax policies and land policies. The promulgation of favorable national policies and optimisation of industrial structure of non-ferrous metal industry to support corporations engaging in the relevant business, and expand non-ferrous metal reserves to enhance sustainable development.

Looking ahead, as the Brexit event added further uncertainties to the recovery of global economy, its effect on commodity markets could be negative. Supply and demand in global commodity markets could be adversely affected in the medium and long term as the higher entry barriers reduce market vitality, and imbalance between supply and demand may increase. Zinc price may increase due to short supply of zinc ore. The demand for silver may also be affected by synchronous slowdown of industrial sectors.

The year of 2016 is the first year of "13th Five-Year Plan". As China's economy has entered a so-called "new normal", non-ferrous metal industry faces significant challenges and also opportunities in its development. Under this environment, it is important to speed up technological innovation, improve production efficiency, upgrade products and establish new business models, so as to achieve sustainable profit growth.

Management Discussion and Analysis

OPERATING MINE — SHIZISHAN MINE

Operational results of the Shizishan Mine

The following table summarises the mining and processing results during the Review Period and the corresponding period of 2015 of the Shizishan Mine operated by the Group:

	Items	Unit	Six months ended 30 June	
			2016	2015
ROM Ore	Mined	kt	2.2	83.4
	Effective working days	days	5	59
	Average output	tpd	438	1,414
	Processed	kt	3.5	78.6
Feed Grade	Lead	%	4.4	5.3
	Zinc	%	2.2	4.4
	Silver	g/t	94.3	119.1
Recovery	Lead	%	81.2	81.2
	Zinc	%	80.5	81.8
	Silver in lead concentrate	%	74.4	81.4
	Silver in zinc concentrate	%	5.3	6.3
Concentrate Grade	Lead	%	48.6	54.4
	Zinc	%	45.1	45.5
	Silver in lead concentrate	g/t	956	1,233
	Silver in zinc concentrate	g/t	124	94
Concentrate Tonnes	Lead-silver concentrate	t	258	6,183
	Zinc-silver concentrate	t	141	6,272
Metal Contained in Concentrate	Lead	t	125	3,363
	Zinc	t	63	2,851
	Silver in lead concentrate	kg	247	7,623
	Silver in zinc concentrate	kg	17	564

The designed mining and processing capacity of the Shizishan Mine is 2,000 tpd.

As it took time to handle the continual downhole water flowing and repair the extensive damaged areas within the tunnels to resume production activities during the Review Period, the production volume registered a significant decline as compared to the corresponding period last year. The total raw ore mined during the Review Period decreased by 81.2 kt to 2.2 kt, representing a drop of 97.37% as compared to the corresponding period last year. The production volume of lead, zinc and silver also decreased by 3,238 kt, 2,788 kt and 7,376 kg, respectively, representing a decline of 96.28%, 97.79% and 96.75%, respectively, as compared to the corresponding period of 2015.

Management Discussion and Analysis

As it is located at the southern extension of the Hengduan Mountain Range and along the north-south stretching secondary ridge of the western part of Gaoligong Mountains in western Yunnan with a very rugged topography as well as in the vicinity of the Binlang River, the Shizishan Mine has a type of deposit with a medium-to-upper degree of complicated hydrogeological conditions such that water can penetrate directly through its roof and floor.

In the area where the Shizishan Mine is located, there were a number of intense, torrential rain storms in a short period of time, resulting in dramatic increase in downhole water with tunnels' maximum water reserves reaching 16,000 m³ and the maximum daily water flowing volume reaching 800 m³. The tunnels were severely damaged and the dredging and reinforced work for the pits and tunnels damaged by the floods did not start until late December 2015 as it took several months to pump out the water. Due to the slow work progress, only one mining area has resumed production during the Review Period, and thus the production volume was low.

Production costs at the Shizishan Mine

Due to the decreased feed grades at the Shizishan Mine, unit production cost of concentrate increased during the Review Period as compared to the corresponding period of 2015. The comparison is shown as follows:

Cost item		Six months ended 30 June		
		2016 RMB	2015 RMB	Variance RMB
Mining cost	(RMB/t of ore mined)	65	81	(16)
— subcontracting fee	(RMB/t of ore mined)	65	81	(16)
Processing cost	(RMB/t of ore processed)	63	62	1
— materials cost	(RMB/t of ore processed)	21	34	(13)
— labour	(RMB/t of ore processed)	30	17	13
— electricity and water	(RMB/t of ore processed)	11	10	1
— maintenance and others	(RMB/t of ore processed)	1	1	—
Administrative and other costs	(RMB/t of ore processed)	21	0	21
Production taxes and royalties	(RMB/t of ore processed)	30	39	(9)
Total cash cost	(RMB/t of ore processed)	179	182	(3)
Total cash cost	(RMB/t of concentrate)	1,570	1,149	421
Depreciation and amortisation	(RMB/t of ore processed)	141	141	—
Total production cost	(RMB/t of ore processed)	320	323	(3)
Total production cost	(RMB/t of concentrate)	2,807	2,039	768

Compared to the corresponding period of 2015, the unit production cost per tonne of concentrate during the Review Period increased by RMB768 or 37.7%, which was primarily due to the decrease in feed grade from 9.7% during the first half of 2015 to 6.6% during the Review Period at Shizishan Mine.

Management Discussion and Analysis

Capital expenditure of the Shizishan Mine

The exploration and mining works of the Shizishan Mine during the Review Period are shown as follows:

- (1) restoration work for the damaged pits and tunnels, including the 1,200 adit spanning 230 meters and ramps of 174 meters, and risk-eliminations at certain mining areas;
- (2) improvement of the tailing storage facilities in accordance with the requirements of regulatory authorities.

Capital expenditures of the Shizishan Mine during the Review Period and the corresponding period of 2015 are indicated below:

	Six months ended 30 June	
	2016	2015
	RMB million	RMB million
Mining	0.45	22.40
Mining infrastructure	0.45	22.40
Processing	0.60	0.30
Processing factory and equipment	–	0.30
Tailing storage facilities	0.60	–
Total	1.05	22.70

Management Discussion and Analysis

OPERATING MINE — DAKUANGSHAN MINE

Operational results of the Dakuangshan Mine

The following table summarises the mining and processing results during the Review Period and the corresponding period of 2015 of the Dakuangshan Mine operated by the Group:

	Items	Unit	Six months ended 30 June	
			2016	2015
ROM Ore	Mined	kt	30.4	25.8
	Effective working days	days	72	67
	Average output	tpd	423	386
	Processed	kt	26.4	28.5
Feed Grade	Lead	%	1.5	1.0
	Zinc	%	3.2	2.6
	Silver	g/t	25	19
Recovery	Lead	%	80.6	80.4
	Zinc	%	83.5	80.4
	Silver in lead concentrate	%	63.9	65.2
	Silver in zinc concentrate	%	8.8	7.1
Concentrate Grade	Lead	%	49.9	49.7
	Zinc	%	44.0	44.4
	Silver in lead concentrate	g/t	722	743
	Silver in zinc concentrate	g/t	39	29
Concentrate Tonnes	Lead-silver concentrate	t	596	473
	Zinc-silver concentrate	t	1,495	1,331
Metal Contained in Concentrate	Lead	t	298	235
	Zinc	t	658	591
	Silver in lead concentrate	kg	430	351
	Silver in zinc concentrate	kg	59	38

During the Review Period, the Dakuangshan Mine started to produce ores at 1,470 level mining area, with the development and construction work proceeding smoothly. The total raw ore mined during the Review Period increased by 4.6 kt to 30.4 kt, representing an increase of 17.83% as compared to the corresponding period of 2015. The grade of lead and zinc contained in raw ores was improved by 30.56% year on year. The production volume of lead, zinc and silver also grew by 63 t, 67 t and 79 kg, respectively, representing an increase of 26.81%, 11.34% and 22.51%, respectively, as compared to the corresponding period of 2015.

Management Discussion and Analysis

Production costs at the Dakuangshan Mine

The comparison of unit production costs of the Dakuangshan Mine is shown below:

Cost item		Six months ended 30 June		
		2016	2015	Variance
		RMB	RMB	RMB
Mining cost	(RMB/t of ore mined)	69	66	3
— subcontracting fee	(RMB/t of ore mined)	69	66	3
Processing cost	(RMB/t of ore processed)	110	118	(8)
— materials cost	(RMB/t of ore processed)	23	22	1
— labour	(RMB/t of ore processed)	33	36	(3)
— electricity and water	(RMB/t of ore processed)	37	31	6
— maintenance and others	(RMB/t of ore processed)	17	29	(12)
Administrative and other costs	(RMB/t of ore processed)	3	3	—
Production taxes and royalties	(RMB/t of ore processed)	30	38	(8)
Total cash cost	(RMB/t of ore processed)	212	225	(13)
Total cash cost	(RMB/t of concentrate)	2,677	3,557	(880)
Depreciation and amortisation	(RMB/t of ore processed)	153	91	62
Total production cost	(RMB/t of ore processed)	365	316	49
Total production cost	(RMB/t of concentrate)	4,608	4,993	(385)

Compared to the corresponding period of 2015, the unit production cost per tonne of ore processed during the Review Period increased by RMB49 or approximately 15.51%, which was primarily due to the increase in costs of depreciation and amortisation.

Unit production cost of concentrate decreased by RMB385 or approximately 7.71%, which was attributable to the increased output of concentrates from ore processed with the increase of average feed grade.

Capital expenditure of the Dakuangshan Mine

During the Review Period, the exploration and mining works of the Dakuangshan Mine were as follows:

- (1) completing the construction of 1,470 level mining area;
- (2) building level 4 dams of tailings ponds.

Management Discussion and Analysis

Capital expenditures of the Dakuangshan Mine during the Review Period and the corresponding period of 2015 are shown below:

	Six months ended 30 June	
	2016	2015
	RMB million	RMB million
Mining	0.89	0.90
Mining infrastructure	0.89	0.90
Mining rights and exploration	–	–
Processing	0.33	0.40
Processing factory and equipment	–	0.30
Tailing storage facilities	0.33	0.10
Total	1.22	1.30

OTHER MINES

Liziping Mine

The Liziping Mine, owned by the Group, is a lead-zinc-silver polymetallic mine located at Lanping County, Yunnan Province, approximately 700 km away from the Shizishan Mine. The exploration permit, which has been renewed successfully, covers an area of 13.87 square kilometers and is valid until 9 October 2017. Currently, the mining permit pertaining to the first mining area of approximately 4 square kilometers is still undergoing application process and its geological report is being finalised.

During the Review Period, the Liziping Mine mainly carried out supplemental pit test, field cataloging and indoor geological research for the preparation of formal reserve reports for filing purpose. During the Review Period, the Liziping Mine did not incur any material capital expenditure (six months ended 30 June 2015: RMB1.3 million).

Menghu Mine

The Menghu Mine, owned by the Group, is a lead-zinc polymetallic mine located in Meng La County, Yunnan Province. The mining permit of the Menghu Mine, which has been renewed successfully, covers an area of 0.4 square kilometers and is valid until 31 July 2019.

During the Review Period, the Menghu Mine did not incur any material capital expenditure (six months ended 30 June 2015: RMB0.3 million).

Aung Jiuja Mine

The Aung Jiuja Mine, owned by the Group is a lead-zinc mine located at Depanbing Village, Ruian County, Shan State, Myanmar (緬甸撣邦省瑞安縣德攀丙村). The mining permit of the Aung Jiuja Mine, which has been renewed successfully, covers an area of 0.2 square kilometers and is valid until 28 March 2017.

During the Review Period, stripping operation for open-pit mining was carried out at the Aung Jiuja Mine, separating a total of about 10,000 cubic meters of soil and stone, and prospecting tunneling of 75 meters was completed in conjunction with downhole construction. In addition, phase one of the processing plant with a production capacity of 200 tpd has been under construction.

Management Discussion and Analysis

Capital expenditures of the Aung Jiuja Mine during the Review Period and the corresponding period of 2015 are shown below:

	Six months ended 30 June	
	2016	2015
	RMB million	RMB million
Mining	0.07	–
— Mining infrastructure	0.07	–
Processing	–	–
— Processing factory and equipment	–	–
— Tailing storage facilities	–	–
Total	0.07	–

Dazhupeng Mine

The Dazhupeng Mine, owned by the Group, is a lead-zinc-silver polymetallic mine located in Yingjiang County, Yunnan Province. Currently, the Group is working on supplement and improvement of materials of the renewal of the exploration permit.

During the Review Period, the Dazhupeng Mine mainly carried out the supplement of materials of the renewal of the exploration permit. During the Review Period, the Dazhupeng Mine did not incur any material capital expenditure (six months ended 30 June 2015: Nil).

Lushan Mine

The Lushan Mine, owned by Xiangcaopo Mining, is a tungsten-tin polymetallic mine. The Group entered into an exclusive ore supply agreement with Xiangcaopo Mining and its owner, Mr. Li Jincheng, on 31 December 2010. The exploration permit of the Lushan Mine, which has been renewed successfully, covers an area of 61.05 square kilometers and is valid until 16 September 2016. Xiangcaopo Mining has made no substantial progress for the mining rights application despite the significant effort made.

During the Review Period, Xiangcaopo Mining performed routine maintenance for the site of the Lushan Mine and played the improvement of geological works. During the Review Period, the Lushan Mine did not incur any material capital expenditure (six months ended 30 June 2015: Nil).

FINANCIAL REVIEW

Revenue

During the Review Period, the Group's revenue was approximately RMB11.0 million (six months ended 30 June 2015: RMB78.3 million), primarily from the sales of lead-silver concentrates and zinc-silver concentrates. As compared to the corresponding period of 2015, revenue decreased by approximately RMB67.3 million or approximately 86.0%, which was mainly due to (i) the decreased sales volume of lead-silver concentrates and zinc-silver concentrates from 6,832 t and 7,219 t for the six months ended 30 June 2015 to 927 t and 1,974 t for the Review Period. The decrease in sales volume was resulted from (i) the lower raw ore output and reduced effective working days in the Shizishan Mine; and (ii) the decreased average selling price in lead-silver concentrates and zinc-silver concentrates triggered by the decrease in the prevailing market price of zinc and silver.

Management Discussion and Analysis

Cost of sales

During the Review Period, cost of sales was approximately RMB11.6 million (six months ended 30 June 2015: RMB35.8 million), mainly comprising mining subcontracting fees, ancillary material costs, utilities, depreciation and amortisation and resource taxes. As compared to the corresponding period of 2015, cost of sales decreased by RMB24.2 million or 67.6%, which was primarily due to the decrease in sales volume.

Gross profit/(loss) and gross profit/(loss) ratio

The Group incurred gross loss ratio of 5.5% during the Review Period as compared to gross profit margin of 54.3% during the corresponding period of 2015. Gross loss ratio was due to the decrease in average selling price of lead and zinc concentrates.

Other income and gains

During the Review Period, other income and gains were approximately RMB1.0 million (six months ended 30 June 2015: RMB8.5 million), primarily comprising bank interest income of RMB0.8 million and a rental income from the Group's building located in Chengdu. Compared to the corresponding period of 2015, the decrease was primarily due to (i) no interest income from structured deposits which was matured in 2015; and (ii) the decrease in the bank interest income.

Administrative expenses

During the Review Period, administrative expenses were approximately RMB28.5 million (six months ended 30 June 2015: RMB18.4 million), primarily comprising managerial staff costs, professional consulting fees, depreciation, office administrative fees, mining resource compensation fees and other expenses.

Compared to the corresponding period of 2015, administrative expenses increased by RMB10.1 million or approximately 54.9%, primarily due to plant suspension expense of RMB13.3 million resulted from the suspension of production at the Shizishan Mine during the Review Period. The increase was primarily offset by (i) a decrease in equity-settled share option expense of RMB0.4 million due to the expiration of the vesting period; and (ii) a decrease in staff costs of RMB2.6 million as a result of the decrease in administrative staff headcount.

Impairment loss on other receivables

During the Review Period, the management has conducted strategic review on the Group's receivables given the weak market condition. Certain other receivables were not collected according to the agreed repayment terms during the Review Period. As such, the Group had made impairment provision of RMB36.0 million for the Review Period.

Finance costs

During the Review Period, finance costs were approximately RMB20.0 million (six months ended 30 June 2015: RMB37.6 million). As compared to the corresponding period of 2015, finance costs decreased by RMB17.6 million, primarily due to the decrease in the interest on other loans granted by Ping An Bank as a result of the repayment of the matured loans during the second half of 2015.

Income tax credit/(expense)

During the Review Period, income tax credit were approximately RMB20.5 million (income tax expense for the six months ended 30 June 2015: RMB1.2 million). This was due to the taxable losses recorded by the Group's operating subsidiaries during the Review Period.

Management Discussion and Analysis

Interim dividend

On 26 July 2016, the Board resolved not to recommend or declare any interim dividend for the Review Period to the Company's shareholders (2015: no interim dividend and no final dividend).

Significant investments, acquisitions and disposals of subsidiaries, associates and joint ventures, and future plans for material investments or capital assets

During the Review Period, there were no significant investments held by the Company, nor were there any material acquisitions or disposals of subsidiaries or associated companies. Apart from those disclosed in this Interim Report, there was no plan authorised by the Board for other material investments or additions of capital assets as at the date of this Interim Report.

Liquidity and capital resources

The following table sets out the information in relation to our Group's consolidated statement of cash flows during the Review Period and the six months ended 30 June 2015:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Net cash flow generated from operating activities	12,442	55,611
Net cash flow from/(used in) investing activities	(25,559)	84,773
Net cash flow used in financing activities	(2,905)	(219,676)
Net decrease in cash and cash equivalents	(16,022)	(79,292)

Net cash flow from operating activities

During the Review Period, the net cash flow generated from operating activities was RMB12.4 million (six months ended 30 June 2015: RMB55.6 million). The RMB85.0 million loss was adjusted by (i) interest expenses from bank and other loans of RMB20.0 million; (ii) non-cash expenses including depreciation, amortisation and impairment loss on other receivables aggregated to RMB50.5 million; (iii) a decrease in trade receivables of RMB14.5 million; (iv) a decrease in inventories of RMB4.9 million; and (v) an increase in other payables in relation to operating activities of RMB6.5 million.

Net cash flow used in investing activities

The net cash flow used in investing activities was approximately RMB25.6 million, which primarily included (i) the consideration of RMB21.7 million paid for the acquisition of 90% equity interest in Harbor Star; and (ii) expenditures in connection with the construction of mining infrastructures at the Shizishan Mine, the Dakuangshan Mine and the Aung Jiujia Mine aggregated to RMB3.9 million.

Net cash flow used in financing activities

The net cash flow used in financing activities was approximately RMB2.9 million, which was primarily due to (i) payment of interests of RMB16.2 million arising from bank and other loans; and (ii) repayment of the shareholder's loan granted by Dameng to the Group of RMB3.4 million. This cash outflow was partially offset by the proceeds from the foresaid shareholder's loan of RMB16.7 million.

Management Discussion and Analysis

Inventories

Inventories decreased slightly by RMB4.9 million, or 18.2% from approximately RMB26.9 million as at 31 December 2015 to approximately RMB22.0 million as at 30 June 2016, primarily due to the decrease in the lead and zinc concentrates as a result of the decrease in the processing output of the Shizishan Mine.

Trade receivables

The trade receivables balance decreased from approximately RMB66.2 million as at 31 December 2015 to approximately RMB15.6 million as at 30 June 2016, primarily due to (i) subsequent collection of overdue trade receivables during the Review Period of RMB14.5 million; and (ii) transfer of trade receivable balance of RMB46.9 million and the corresponding impairment provision of RMB10.9 million recognised in 2015 to other receivables as the Group entered into a debtor transfer agreement with its customer and another entity controlled by the owner of the foresaid customer in January 2016.

Payment in advance, prepayment, deposits and other receivables

The Group's payment in advance, prepayments, deposits and other receivables slightly decreased by RMB0.9 million, from RMB282.6 million as at 31 December 2015 to RMB281.7 million as at 30 June 2016, primarily due to a decrease in prepaid professional fees of RMB3.2 million in relation to the consultation service on financing strategies, which was partially offset by an increase in prepayment for mining infrastructure construction of RMB2.0 million.

Trade and other payables

Balance of the Group's trade and other payables decreased by RMB14.9 million, from approximately RMB209.0 million as at 31 December 2015 to approximately RMB194.1 million as at 30 June 2016, primarily due to payment of consideration in relation to acquisition of Harbor Star amounted to RMB21.7 million, which is partially offset by (i) an increase in advance from customers of RMB4.8 million; and (ii) an increase in payables for value-added tax of RMB1.8 million.

Net current assets position

The Group's net current assets position decreased by RMB73.5 million from approximately RMB280.0 million as at 31 December 2015 to approximately RMB206.5 million as at 30 June 2016 primarily due to (i) a decrease in trade receivables of RMB50.6 million; (ii) a decrease in cash and cash equivalents of RMB16.6 million; (iii) a decrease of inventories and prepayment aggregated to RMB8.2 million; and (iv) an increase in amount due to a related party of RMB13.6 million, which is partially offset by an increase in other payables of RMB15.1 million.

Borrowings

The Group's bank and other loans as at 30 June 2016 and 31 December 2015 was RMB505.8 million, which were obtained from Ping An Bank by the Group.

Contingent liabilities

As at 30 June 2016, the Group did not have any outstanding material contingent liabilities or guarantees.

Foreign currency risk

Our Group's businesses are mainly located in Mainland China and most of the transactions are conducted in RMB. Most of the Group's assets and liabilities are denominated in RMB, except for a small portion of the net proceeds from the IPO denominated in HK\$ and US\$.

Management Discussion and Analysis

As RMB is not freely convertible, we are subject to the risk of possible actions taken by the Chinese government. Such actions may have an adverse effect on our net assets, gains and any dividends declared (if such dividends shall be converted to foreign currency). The Group did not carry out any activities to hedge the foreign currency risk during the Review Period.

Interest rate risk

Our revenue and operating cash flow shall not be affected significantly by the interest rate in the market. Other than cash and cash equivalents, the Group does not have any material interest-bearing assets. It manages the interest rate exposure arising from our interest-bearing loans through the use of fixed interest rates. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

Charge on assets

Other than those disclosed in this Interim Report, none of the Group's assets was pledged as at 30 June 2016.

Contractual obligations

As at 30 June 2016, the Group's contractual obligations amounted to approximately RMB32.6 million, decreased by RMB0.9 million as compared to approximately RMB33.5 million as at 31 December 2015, primarily due to the payment in relation to the exploration activities at the Liziping Mine and the Dakuangshan Mine during the Review Period.

Capital expenditure

During the Review Period, the capital expenditure of the Group mainly represented the amount spent on acquisition of Harbour Star, construction of property, plant and equipment and intangible assets. The amount of capital expenditure of the Group during the Review Period was RMB25.6 million.

Financial instruments

During the Review Period, the Group did not have any outstanding hedge contract or financial derivative instrument.

Gearing ratio

Gearing ratio is calculated by net debt divided by total equity plus net debt. Net debt is defined as interest-bearing bank and other loans, net of cash and bank balances and it excludes liabilities incurred for working capital purpose. Equity includes equity attributable to the owners of the Company and non-controlling interests. As at 30 June 2016 and 31 December 2015, the Group's cash and cash equivalents exceeded the total interest-bearing bank and other loans, so no gearing ratio was presented.

Use of net proceeds from the initial public offering

	Net proceeds from the IPO	
	Available to utilise RMB million	Utilised (up to 30 June 2016) RMB million
Financing activities relating to investments in acquired mines	485.4	426
Financing ramp-up of the mining capacity and expansion of tailing storage facility of the Shizishan Mine	145.6	145.6
Financing activities relating to the Dazhupeng Mine and the Lushan Mine	178.1	37
Total	809.1	608.6

Management Discussion and Analysis

Employee and remuneration policy

As at 30 June 2016, the Group had a total of 130 full time employees (31 December 2015: 177 employees), including 55 management and administrative staff, 49 production staff and 26 operations support staff. During the Review Period, staff costs (including Directors' remuneration in the form of salaries and other benefits) were approximately RMB7.3 million, representing a decrease of RMB3.4 million or 31.8% as compared to the staff costs of RMB10.7 million for the corresponding period of 2015. This was primarily due to streamlining of staff. Based on individual performance, a competitive remuneration package, which includes salaries, medical insurance, discretionary bonuses, other benefits as well as state-managed retirement benefit schemes for employees in the PRC, are offered to retain elite employees. The Group has also adopted a share option scheme for its Directors and employees, providing incentives and rewards to eligible participants commensurate with their contribution.

Occupational Health and Safety

As at the date of this Interim Report, no accident relating to the personal injury or property damage was reported to our management, and we were not subject to any claims arising from any material accidents involving personal injury or property damage during the Review Period that had a material adverse effect on our business, financial condition or results of operation. The Group has complied with all relevant PRC laws and regulations regarding occupational health and safety in all material respects during the Review Period and as at the date of this Interim Report.

Environmental Protection and Land Rehabilitation

No environmental claims, lawsuits, penalties or administrative sanctions was reported to management. The Group is of the view that it was in compliance with all relevant PRC laws and regulations regarding environmental protection and land rehabilitation in all material respects during the Review Period and as at the date of this Interim Report. The Group has also adopted and implemented the environmental policies on a standard which is not less stringent than the prevailing environmental laws and regulations of the PRC. As at 30 June 2016, the Group has accrued a provision of RMB17.2 million, RMB0.8 million and RMB0.9 million for the rehabilitation of the Shizishan Mine, the Dakuangshan Mine and the Menghu Mine, respectively.

Strategy

The Company is committed to developing into a large polymetallic mining company with profitability and competitiveness. During the Review Period, the Company had implemented the acquisition proposal of Aung Jiuja Mine in Myanmar according to its plan. The mining project had been initiated and the phase one of processing plant with a production capacity of 200 tpd also commenced to be constructed. It was expected that concentrates products would be gradually put into production in the second half of 2016. Meanwhile, the Company was also seeking opportunities to integrate high-quality resources, including visits to famous mining areas in Bosse, Baldwin and other mining areas in Myanmar, aiming to identify high-quality polymetallic acquisition proposal, and inject new energy into the development of the Group.

Other Information and Corporate Governance Highlights

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2016, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (a) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Long positions in share options granted by the Company

Number of share options held by the Directors and chief executives of the Company as at 30 June 2016:

Name of Director	Number of options held	Number of underlying Shares
Miu Edward Kwok Chi	7,027,027	7,027,027

The details of share options held by the Directors and chief executives of the Company are disclosed under the section headed "Share Option Scheme" of this Interim Report.

Save as disclosed above, as at 30 June 2016, so far as is known to any Directors or chief executives of the Company, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Hong Kong 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) were required, pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company referred to therein or (c) were required, pursuant to the Model Code to be notified to the Company and the Hong Kong Stock Exchange.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme (the "**Share Option Scheme**") on 24 November 2011 which came into operation unconditionally on the Listing Date.

The purpose of the Share Option Scheme is to provide an incentive for the Qualified Participants (defined below) to work with commitment towards enhancing the value of the Company and its shares for the benefit of shareholders of the Company and to retain and attract working partners whose contributions are beneficial to the growth and development of the Company.

Other Information and Corporate Governance Highlights

The Board may at its discretion grant options to any full-time or part-time employees, consultants or potential employees, executives or officers (including executive, non-executive and independent non-executive Directors) of the Company or any of its subsidiaries and suppliers, customers, consultants, agents and advisers who, at the absolute discretion of the Board, have contributed or will contribute to the Group (collectively, the “**Qualified Participants**”).

Unless approved by our shareholders in general meeting in the manner prescribed by the Listing Rules, the Board shall not grant options to any Qualified Participants (the “**Grantee**”) if the acceptance of those options would result in the total number of shares issued and to be issued to that Grantee on exercise of his/her options during any 12-month period exceeding 1% of the total shares then in issue.

The Share Option Scheme is valid and effective for a period of 10 years from the Listing Date (the “**Scheme Period**”).

The offer shall remain open for acceptance for a period of 14 business days from the date on which it is made provided that no such offer shall be open for acceptance after the expiry of the Scheme Period or after the termination of the Share Option Scheme.

As approved by the shareholders of the Company at the annual general meeting held on 11 June 2013 (the “**2013 AGM**”), the total number of shares in respect of which options may be granted under the Share Option Scheme was refreshed and increased to 99,461,950 shares which is equivalent to 5% of the issued Shares of the Company as at the 2013 AGM.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not, in aggregate, exceed 299,461,950 shares, being 15.06% of the issued Shares of the Company immediately after the 2013 AGM which is the refreshment date of such scheme. As at the date of this Interim Report, 200,000,000 option shares which may be issued upon exercise of the options under the Share Option Scheme have been granted already. As at 30 June 2016, no share option has been exercised and 71,654,054 share options are exercisable under the Share Option Scheme.

Movement of share options during the Review Period:

Name	Date of Grant	Granted	Number of Share Options			
			Outstanding on 1/1/2016	Exercised	Cancelled/ Lapsed	Outstanding on 30/06/2016
Directors						
Christopher Michael Casey (resigned on 26 May 2016)	14/12/2011 (a)	7,027,027	7,027,027	–	7,027,027 (c)	–
William Beckwith Hayden (resigned on 26 May 2016)	14/12/2011 (a)	7,027,027	7,027,027	–	7,027,027 (c)	–
Miu Edward Kwok Chi	14/12/2011 (a)	7,027,027	7,027,027	–	–	7,027,027
Other Grantees						
Aggregate of other grantees	14/12/2011 (a)	21,081,081 (d)	21,081,081	–	–	21,081,081
	16/1/2013 (b)	70,091,892	70,091,892	–	26,545,946 (e)	43,545,946

Other Information and Corporate Governance Highlights

Notes:

(a) Particulars of share options granted in 2011:

Date of Grant	Tranche	Vesting Period	Exercise Period	Exercise Price Per Share HK\$
14/12/2011	1	14/12/2011–13/12/2012	14/12/2012–13/12/2016	2.22
14/12/2011	2	14/12/2011–13/12/2013	14/12/2013–13/12/2016	2.22
14/12/2011	3	14/12/2011–13/12/2014	14/12/2014–13/12/2016	2.22
14/12/2011	4	14/12/2011–13/12/2015	14/12/2015–13/12/2016	2.22

(b) Particulars of the 2013 Granted Options:

Date of Grant	Tranche	Vesting Period	Exercise Period	Exercise Price Per Share HK\$
16/1/2013	1	16/1/2013–15/1/2014	16/1/2014–15/1/2018	1.70
16/1/2013	2	16/1/2013–15/1/2015	16/1/2015–15/1/2018	1.70
16/1/2013	3	16/1/2013–15/1/2016	16/1/2016–15/1/2018	1.70

- (c) 7,027,027 share options granted to our ex-Director lapsed immediately upon his resignation on 26 May 2016.
- (d) Share options of three of our ex-Directors become immediately vested and exercisable upon their retirement on 11 June 2013.
- (e) 26,545,946 share options granted to three employees lapsed immediately upon resignation of their employments during the Review Period.

DIRECTORS' INTERESTS IN COMPETITIVE BUSINESSES

The Directors are of the view that none of the Directors had interest in any business which competed, or were likely to compete, either directly or indirectly, with our businesses, nor had they caused any harm to any interests owned by the Company for the six months ended 30 June 2016.

Other Information and Corporate Governance Highlights

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2016, the following persons (other than the Directors and chief executives of the Company) had or were deemed or taken to have an interest and/or short position in the shares or the underlying shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the issued Shares of the Company.

Name of Shareholder	Capacity	Number of ordinary shares held	Approximate percentage of shareholding %
CITIC Dameng Investments Limited (note 2)	Beneficial owner	592,775,421 (L)	29.81
CITIC Dameng Holdings Limited (note 2)	Interest of corporation controlled by the substantial shareholder	592,775,421 (L)	29.81
Apexhill Investments Limited (note 2)	Interest of corporation controlled by the substantial shareholder	592,775,421 (L)	29.81
CITIC United Asia Investments Limited (note 2)	Interest of corporation controlled by the substantial shareholder	592,775,421 (L)	29.81
Highkeen Resources Limited (note 2)	Interest of corporation controlled by the substantial shareholder	592,775,421 (L)	29.81
Group Smart Resources Limited (note 2)	Interest of corporation controlled by the substantial shareholder	592,775,421 (L)	29.81
Starbest Venture Limited (note 2)	Interest of corporation controlled by the substantial shareholder	592,775,421 (L)	29.81
CITIC Resources Holdings Limited (note 2)	Interest of corporation controlled by the substantial shareholder	592,775,421 (L)	29.81
Keentech Group Limited (note 2)	Interest of corporation controlled by the substantial shareholder	592,775,421 (L)	29.81
CITIC Projects Management (HK) Limited (note 2)	Interest of corporation controlled by the substantial shareholder	592,775,421 (L)	29.81
CITIC Corporation Limited (note 2)	Interest of corporation controlled by the substantial shareholder	592,775,421 (L)	29.81

Other Information and Corporate Governance Highlights

Name of Shareholder	Capacity	Number of ordinary shares held	Approximate percentage of shareholding %
CITIC Limited (note 2)	Interest of corporation controlled by the substantial shareholder	592,775,421 (L)	29.81
Yin Qiu Ping	Beneficial owner	302,460,664 (L)	15.21
Triway International Limited (裕明國際有限公司) (note 3)	Beneficial owner	139,909,000 (L)	7.03
Xi'an Maike Metal International Group Co., Ltd (西安邁科金屬國際集團有限公司) (note 3)	Interest of corporation controlled by the substantial shareholder	139,909,000 (L)	7.03
Maike Investment Holding Co., Ltd (邁科投資控股有限公司) (note 3)	Interest of corporation controlled by the substantial shareholder	139,909,000 (L)	7.03
He Jinbi (note 3)	Interest of corporation controlled by the substantial shareholder	139,909,000 (L)	7.03
Zhang Chunling (note 3)	Interest of spouse	139,909,000 (L)	7.03
Blue Andiamo GP Limited (note 4)	Interest of corporation controlled by the substantial shareholder	126,277,297 (L)	6.35
Salamanca Group Holdings Limited (note 4)	Interest of corporation controlled by the substantial shareholder	126,277,297 (L)	6.35
Deutsche Bank Aktiengesellschaft	Beneficial owner and custodian corporation/ approved lending agent	113,369,731 (L)	5.70
Challenger Mining 8 Limited (note 5)	Beneficial owner	112,422,147 (L)	5.65
Bellamy Martin James (note 5)	Interest of corporation controlled by the substantial shareholder	112,422,147 (L)	5.65

Other Information and Corporate Governance Highlights

Name of Shareholder	Capacity	Number of ordinary shares held	Approximate percentage of shareholding %
Kedar Sharon Rahamin (note 5)	Interest of corporation controlled by the substantial shareholder	112,422,147 (L)	5.65
SAIF Partners IV L.P. (note 6)	Beneficial owner	105,243,000 (L)	5.29
SAIF IV GP LP (note 6)	Interest of corporation controlled by the substantial shareholder	105,243,000 (L)	5.29
SAIF IV GP Capital Ltd. (note 6)	Interest of corporation controlled by the substantial shareholder	105,243,000 (L)	5.29
Yan Andrew Y. (note 6)	Interest of corporation controlled by the substantial shareholder	105,243,000 (L)	5.29

Notes:

- The letter "L" denotes the person's long position in such shares.
- The entire issued share capital of CITIC Dameng Investments Limited is held by CITIC Dameng Holdings Limited, which is in turn 9.35% owned by Apexhill Investments Limited and 35.43% owned by Highkeen Resources Limited. Apexhill Investments Limited is wholly owned by CITIC United Asia Investments Limited, which is in turn wholly owned by CITIC Projects Management (HK) Limited. Highkeen Resources Limited is wholly owned by Group Smart Resources Limited, which is in turn wholly owned by Starbest Venture Limited. The entire issued share capital of Starbest Venture Limited is held by CITIC Resources Holdings Limited. 49.5% of the issued share capital of CITIC Resources Holdings Limited is held by Keentech Group Limited, which is in turn wholly owned by CITIC Projects Management (HK) Limited. CITIC Projects Management (HK) Limited is wholly owned by CITIC Corporation Limited, which is in turn wholly owned by CITIC Limited.
- Triway International Limited is wholly owned by Xi'an Maike Metal International Group Co., Ltd, and Xi'an Maike Metal International Group Co., Ltd is 49.40% owned by Maike Investment Holding Co., Ltd and Maike Investment Holding Co., Ltd is 95% owned by Mr. He Jinbi. Therefore, each of Mr. He Jinbi, Maike Investment Holding Co., Ltd and Xi'an Maike Metal International Group Co., Ltd is deemed to be interested in all the shares of the Company held by Triway International Limited. Ms. Zhang Chunling is the spouse of Mr. He Jinbi and therefore, Ms. Zhang Chunling is deemed to be interested in all the shares of the Company in which Mr. He Jinbi was interested or deemed to be interested under the SFO.
- The entire issued share capital of Blue Andiamo GP Limited is held by Salamanca Group Holdings Limited. 25,255,459 Shares are registered in the name of CMS 2 Limited Partnership, which is wholly owned by CM Silver 2 Limited. 55,246,318 Shares are registered in the name of F.S.B.S. Limited Partnership, which is wholly owned by Five Stars B.S. Limited. 45,775,520 Shares are registered in the name of RD 8 Limited Partnership, which is wholly owned by Red Dragon 8 Limited. CM Silver 2 Limited, Five Stars B.S. Limited and Red Dragon 8 Limited are wholly owned by Blue Andiamo GP Limited.
- Challenger Mining 8 Limited is 50% owned by Mr. Bellamy Martin James and 50% owned by Mr. Kedar Sharon Rahamin. Therefore, each of Mr. Bellamy Martin James and Mr. Kedar Sharon Rahamin is deemed to be interested in all the shares of the Company held by Challenger Mining 8 Limited under the SFO.
- SAIF Partners IV L.P. is wholly owned by SAIF IV GP, L.P., which is in turn wholly owned by SAIF IV GP Capital Ltd.. SAIF IV GP Capital Ltd. is wholly owned by Mr. Andrew Y. Yan.

Other Information and Corporate Governance Highlights

Other than as disclosed above, as at 30 June 2016, the Directors have not been notified by any person (other than the Directors or chief executives of the Company) who had interests or short position in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

As at 30 June 2016, none of the Directors had a material interest, either directly or indirectly, in any transactions, arrangements and contracts of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the Review Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Throughout the Review Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF THE PUBLIC FLOAT

Based on the information publicly available to the Company and to the best knowledge, information and belief of the Directors, the Directors confirm that the Company had maintained a sufficient public float as required under the Listing Rules throughout the Review Period.

CORPORATE GOVERNANCE PRACTICE

The Company is committed to high standards of corporate governance and transparency.

The Board is of the view that during the Review Period, the Company has complied with all of the code provisions as set out in the CG Code, save and except for code provisions A.2.1, A.5.1 and C.1.2 with explanation described below.

Code Provision A.2.1

According to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Christopher Michael Casey, the then independent non-executive Director, was appointed as the interim non-executive chairman on 18 September 2015. During the period which Mr. Casey had taken up the position, he had not been involved in the day-to-day operation of the Company and his independence as an independent non-executive Director remained intact. Mr. Casey oversaw the internal control and corporate governance compliance of the Company. He also promoted and encouraged visibility of the Board to ensure in-depth communication internally and externally is achieved. The position of the Chairman of the Board remains vacant since the resignation of Mr. Casey as interim non-executive chairman and an independent non-executive Director on 26 May 2016 and as at the date of this Interim Report.

The position of chief executive officer of the Company (the "**Chief Executive Officer**") remains vacant since the resignation of Dr. Li Chang Zhen on 18 September 2015 and as at the date of this Interim Report.

Other Information and Corporate Governance Highlights

Currently, the duties of the Chairman and Chief Executive Officer are undertaken by Mr. Ran Xiaochuan, an executive Director, as an interim measure. The main duties of Mr. Ran is to ensure the smooth running of the day-to-day operation of the Company and oversee the implementation of the Company's long and short term plans in accordance with its strategy while ensuring that all major decisions were made in consultation with the Board members, relevant Board committees or senior management of the Group.

The Company will use its best endeavors to identify suitable candidates to fill the vacancies of chairman and chief executive officer of the Company as soon as practicable.

Code Provision A.5.1

According to code provision A.5.1 of the CG Code, nomination committee should be chaired by the chairman of the board or an independent non-executive director and comprise a majority of independent non-executive directors.

Following the resignation of Mr. Christopher Michael Casey and Mr. William Beckwith Hayden as independent non-executive Directors and their cessation as members of the Nomination and Remuneration Committee on 26 May 2016, the Company failed to comply with code provision A.5.1 of the CG Code in relation to the composition requirement of the nomination committee. Currently, the Nomination and Remuneration Committee consists of two members, namely Mr. Miu Edward Kwok Chi (Chairman) and Mr. Lee Kenneth Jue. In order to comply with such requirement, the Company has been identifying suitable candidates to act as independent non-executive Directors and to fill up the vacancy of the Nomination and Remuneration Committee.

Code Provision C.1.2

According to code provision C.1.2 of the CG Code, management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail.

During the Review Period, the Board had received delayed management accounts and updates from the management of the Company for assessment due to employee turnovers in the Company's finance department. The finance department has currently been rebuilt.

The Board

The Board is currently composed of one executive Director, one non-executive Director and one independent non-executive Director. The Board is responsible for setting up the overall strategy as well as reviewing the operation and financial performance of the Group.

Change in information of the Board pursuant to Rule 13.51B (1) of the Listing Rules

During the Review Period to the date of this Interim Report, there have been a number of changes in the Board:

- Mr. Lei Dejun resigned as an executive Director on 9 May 2016.
- Mr. Christopher Michael Casey resigned as the interim non-executive chairman of the Company and an independent non-executive Director on 26 May 2016.

Other Information and Corporate Governance Highlights

- Mr. Andrew Joseph Dawber resigned as a non-executive Director on 26 May 2016.
- Mr. William Beckwith Hayden resigned as an independent non-executive Director on 26 May 2016.

Following the resignation of Mr. Christopher Michael Casey and Mr. William Beckwith Hayden on 26 May 2016, the Company does not fulfil the requirement of having at least three independent non-executive directors under Rule 3.10(1) of the Listing Rules. The Company has been actively identifying suitable candidates to fill the vacancies as required under Rule 3.11 of the Listing Rules.

Board Committees

The Board has established the following committees with defined terms of reference, which are on terms no less exacting than those set out in the CG Code, if any:

- Audit Committee
- Safety, Health and Environment Committee
- Strategy Committee
- Nomination and Remuneration Committee

Audit Committee

The Audit Committee has endeavoured to ensure a balanced, clear and understandable assessment of the Company's position and prospects in the annual reports, interim reports, announcements and other disclosures required under the Listing Rules and other statutory requirements.

The Audit Committee has performed the following activities during the Review Period:

- reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2015;
- reviewed the major internal audit issues, financial reporting system, internal control procedures and risk management system of the Company;
- reviewed the major audit findings in respect of the financial year ended 31 December 2015 from the external auditors; and
- reviewed the 2016 audit fee proposal.

As at the date of this Interim Report, the Audit Committee only has Mr. Miu Edward Kwok Chi as its member. The chairman of the Audit Committee is vacant and the number of the Audit Committee members fell below the minimum number as required under Rule 3.21 of the Listing Rules. As such, the Company has been identifying suitable candidates to fill the vacancies as required under Rule 3.23 of the Listing Rules.

Safety, Health and Environment Committee

During the Review Period to the date of this Interim Report, the Safety, Health and Environment Committee has held two meetings to review the occupational safety, health and environmental matters of the employees of the Company. The Safety, Health and Environment Committee considers that the Company has complied with all applicable occupational health and safety statutory and regulatory requirements in all material respects throughout the Review Period up to the date of this Interim Report.

Other Information and Corporate Governance Highlights

As at the date of this Interim Report, the Safety, Health and Environment Committee comprises Mr. Lee Kenneth Jue as its member and Mr. Ran Xiaochuan as its chairman.

Strategy Committee

During the Review Period and up to the date of this Interim Report, the Strategy Committee has held two meetings to:

- review and approve the strategic objectives of the Company;
- review the short term and long term strategies of the Group; and
- discuss prospective acquisition of assets.

As at the date of this Interim Report, the Strategy Committee comprises Mr. Miu Edward Kwok Chi and Mr. Ran Xiaochuan as its members, without its chairman.

Nomination and Remuneration Committee

During the Review Period and up to the date of this Interim Report, the Nomination and Remuneration Committee has held two meetings to:

- review the remuneration of the Directors and the Chief Financial Officer;
- revisit the issue revolving the offices of Chief Executive Officer and Chairman of the Company;
- review the performance of individual executive Director; and
- review the independence of independent non-executive Directors.

As at the date of this Interim Report, the Nomination and Remuneration Committee comprises Mr. Lee Kenneth Jue as its member and Mr. Miu Edward Kwok Chi as its chairman. The Nomination and Remuneration Committee does not comprise a majority of independent non-executive directors as required under Rule 3.25 of the Listing Rules and code provision A.5.1 of the CG Code. The Company has been identifying suitable candidates to be members of the Nomination and Remuneration Committee as required under Rule 3.27 of the Listing Rules and code provision A.5.1 of the CG Code.

Risk Management and Internal Control

The interim financial information has been reviewed by the external auditors of the Company. The Board is responsible for maintaining a sound and effective system of risk management and internal controls and reviewing its effectiveness. Such system is designed to manage the risk of failure to achieve corporate objectives and to provide reasonable but not absolute assurance against material misstatement, loss or fraud.

During the Review Period, the Group's Internal Audit team, under the supervision of our former Chairman, Mr. Christopher Michael Casey, has reviewed the internal controls of the Group.

Model Code for Securities Transactions

The Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all members of the Board complied with the Model Code throughout the Review Period.

The Company has also established the "Employees Written Guidelines" on terms no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company during the Review Period.

Environment, Social and Governance Report



CORPORATE VISION:

To leap into the world with our foothold in Yunnan and become the most respected mining enterprise in China.

To build up our brand and become the most famous and trustworthy international mining enterprise.

ENTERPRISE MISSION:

To maximize the shareholders' values and employees' values.

OUR CORE VALUE:

To create values and win respects; people-oriented, team winning culture, integrity and pragmatic, pursuit of excellence.

Environment, Social and Governance Report

ABOUT THIS REPORT

This report, which has been prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 to the Listing Rules, is mainly about the Company's performance in the first half of 2016 in terms of corporate social liability and governance. This report comprises all the lead, zinc and silver mining businesses engaged by the Company and its subsidiaries.

Contact us: China Polymetallic Mining Limited
Address: Room 2509, 25/F, Tower One Lippo Centre, No. 89 Queensway, Hong Kong
Tel: (852) 2180-7577
Fax: (852) 2180-7580
E-mail: cpm@chinapolymetallic.com
Website: <http://www.chinapolymetallic.com>

MANAGEMENT'S STATEMENT

Development for a company is and will always be a starting point as it is always accompanied by pressure, responsibility and crisis. Bidding farewell to the past, we are well aware of the significance of the responsibilities ahead. Yet we will face new challenges and take on these seemingly daunting tasks. Let's work together for a better future.

Mr. Ran Xiaochuan
Executive Director of China Polymetallic Mining Limited

Employees — the most valuable assets. We are grateful for the love from our families, for the care from our company and the security we are blessed to have, which enable us to enjoy happiness, health and peace. We shall keep safety awareness in mind and always act in a safe manner while exploring more scientific ways to better ensure safety in our operations and growing ever stronger.

Mr. Lei Dejun
*Chief Operating Officer of China Polymetallic Mining Limited
President of Dehong Yinrun Mining Group Company Limited*

Safety — the eternal flag of life, takes priority above all else as it pertains to the happiness and Joy of millions of families. Safety is a ship that carries our life journey; safety is the spring breeze that brings the blossoming season to the development of our company.

Mr. Guo Zhonglin
Chief Technical Officer of China Polymetallic Mining Limited

Environment, Social and Governance Report

Profile of Corporate Safety Management

In the first half of 2016, thanks to great importance placed on production safety, the Company's accountability system for the safety production targets and management was fully implemented, which helped to further improve production safety supervision and strengthen performance by various departments of their duties concerning production safety and underscore the responsibilities of the persons in charge.

In addition, special programs were carried out to address safety concerns and hidden hazards, effectively preventing the occurrence of major production safety accidents. In the first half of the year, the Company continued to maintain a satisfactory situation with respect to production safety, creating a good environment of production safety for "Safe Mining" to drive the next round of leapfrog development.

ABOUT THE COMPANY

Building an Excellent Team

Dehong Yinrun Mining Group Company Limited

Dehong Yinrun Mining Group Company Limited is a wholly-owned subsidiary of the Company. Since its establishment, the company has been in strict compliance of the state's policies on production safety and environmental protection, fully implementing its safety accountability system and performing all-around review to eliminate every hidden hazard. Moreover, safety education and training programs were provided to employees to enhance their awareness and safety and self-protection, thereby effectively preventing the occurrence of any safety accident. The company was accredited by the people's government of Dehong Prefecture as the Excellent Enterprise in Production Safety Objectives and Responsibility Assessment in 2012, 2013 and 2015.

Yingjiang County Kunrun Industry Company Limited

In 2016, the Shizishan Mine successfully maintained its smooth production and operation under the impacts of various objective adverse factors. The safety and health of all staff were safeguarded and the production and operation systems continued to function properly. Kunrun adopted a backfill system to fill abandoned adits so as to achieve ecological restoration.

Mang City Xindi Mining Company Limited

Mang City Xindi Mining Company Limited was established in 2001 with a registered capital of RMB85 million and was accredited as the "Leading Enterprise of Production Safety in Dehong Prefecture" in several occasions, and continued to maintain a safe and environment-friendly working environment in 2016.

On 28 June 2016, the company invited the Coal Mine Safety Supervision Bureaus of Dehong Prefecture and Mang city to give production safety trainings to its employees. In the first half of the year, the company organised a number of various safety trainings with a total attendance of 110 person-times, and gave out more than 70 pieces of protective clothing and more than 50 safety helmets. Through effective publicity and trainings, the company managed to enhance its employees' awareness of safety and their awareness of security precaution and self-protection.

Nujiang Shengjia Chengxin Industrial Company

Nujiang Shengjia Chengxin Industrial Company Limited is currently at the stage of geological exploration. During the geological exploration conducted in 2016, no issue related to safety and environmental protection was found, reflecting that good safety and environmental protection condition have been maintained during the Review Period.

Environment, Social and Governance Report

Meng La Chen Feng Mining Development Company Limited

Meng La Chen Feng Mining Development Company Limited was established in 2008 with a registered capital of RMB5 million. Menghu Company is a mining company which engages in the business of mining, processing and sales of mineral products. Menghu Company owns the Menghu Mine, a lead-zinc polymetallic mine. The Menghu Mine is a high-grade lead-zinc oxide mine with huge potential reserves. In 2016, a satisfactory safety and environmental protection condition was maintained throughout the ongoing exploration process.

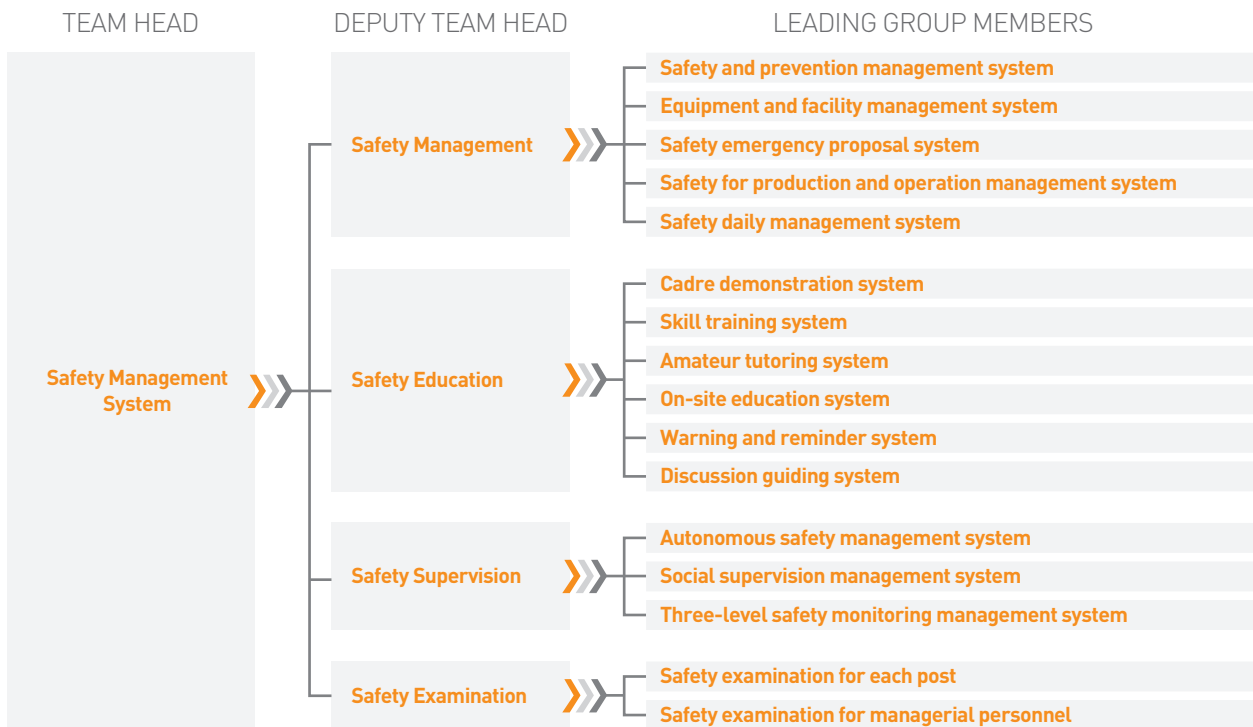
Work Mechanism

In the first half of 2016, Dehong Yinrun Group strictly carried out its safety policy featuring “safety first, preventative measures, full participation, comprehensive governance”, which aims to create a safe production environment, promote the concept of safe production and consolidate the implementation of safety accountability system. Thus, it was able to further enhance its production safety measures and effectively prevent and curb the occurrence of major accidents, ensuring its normal production and operation activities.

Specialised Safety Management Organisations

A safety management fund of approximately RMB1,605,800 is utilised in the first half of the year for installing production safety facilities in the mines, providing the staff with protective equipment and body check, improving working environment and implementing preventive measures against occupational diseases.

The safety management was strengthened by carrying out daily checks, monthly major inspections, quarterly special examinations and holiday routine checks to rectify the potential accidents and hazards effectively.



Environment, Social and Governance Report

Management of contracting

The Group reinforced the management for mining operation contracting by hiring qualified mining companies to conduct mining work. The Contracting Safety Management Agreement was signed to have a timely understanding of contracting teams and clarify the safety responsibilities. Stringent on-site inspections were also carried out.

Emergency Management

In the "Safety Production Month" this year, we held a number of safety trainings and made efforts to ensure the full implementation of various national policies and guidelines on safety. Through various publicity programs underscoring the theme of "strengthening the concept of safe development and elevating the safety awareness of all citizens", we has laid a solid foundation for safety production at mines.

Through the activities carried out in the "Safety Production Month", the idea of people-oriented and safe development was recognized among employees and greater importance was placed on production safety. The safety and emergency system was further improved and the safety accountability system was further implemented. In addition, employees' safety awareness was significantly enhanced, and safety management was effectively strengthened. Remarkable results were achieved in these efforts to eliminate hidden hazards.

Working Environment

Requisite personnel protection equipment, facilities for safety and health and effective management measures can ensure production safety. Enhanced working environment safety and annual occupational health checks for the staff are the effective measures to prevent occupational diseases.

Operational Management Measures

Banners for safety, environmental protection and occupational hygiene were posted in working places to remind practitioners to be aware of safety, environmental protection and prevention against occupational diseases from time to time. Warning signals were posted in major danger-hidden area and hazard installations.

In order to prevent any serious injuries and death as well as to minimize the risks of exposure to minor incidents, leaders manage the mines by going into the mines to act as foremen, and workers at processing factories are closely supervised, while 24 hours shift working schedule is implemented for the personnel in charge of the security at the tailings storage facilities and regular safety education and training is arranged for relevant personnel.

The Company has established a comprehensive system for safety and environmental protection management, which requires the Group, its subsidiaries, departments and divisions to conduct safety inspections at least once every month, twice every month, once every week and once every day respectively, so as to timely eliminate any hidden safety problems.

In the first half of 2016, no accidents were happened and there are no pollution, death or serious injuries related incidents at all. As there were less than two incidents among any thousand minor incidents involving more than one thousand people and no incidents were left unreported, targets related to production liability were accomplished.

Environment, Social and Governance Report

Operation and Management with Information Technologies

When there is any incident occurred, information about the locations of downhole operation workers can be totally grasped through the “personnel’s locations and communication” system, as a result, downhole operation workers can be evacuated timely and safely, achieving an effective urgent rescue.

The safety management of tailings storage facilities is fully controlled so as to eliminate any hidden problems and avoid any material incidents. Leveraging on the application of information technologies to the Company’s management, any hidden safety problems can be controlled in an earlier, more comprehensive and efficient way, thus incidents can be avoided.

Environmental Protection

The Group has complied with the applicable laws and regulations related to environmental protection and taken necessary environmental protection measures such as carefully implementing the deposit system on the restoration and treatment of the mine environment implemented in the PRC, strictly executing the “three simultaneous” system for environmental protection, preparing as well as implementing the plans for protecting, treating and restoring the mine environment. During the production period, no major geological disasters have occurred at the mines.

Development and Training

The Company cherishes every staff and believes that its staff will continue to grow with the Group’s business expansion. The staff has been provided with customized, systematic and forward-looking training so as to reveal their potentials for the Group’s sustainable development.

In the first half of 2016, the Group organised a number of internal and external trainings with 300 training hours in total and a total of 422 participants from different corporate hierarchical levels. The training mainly covered areas such as corporate organizational strategies and corporate cultures, employees’ basic occupational skills, employees’ business knowledge, management skills and leadership enhancement, induction training, re-designation training, “three levels” education and other types of specializing training. All of the staff have been trained. In light of the Group’s continuing development and in order to ensure the continuing enhancement of the team quality, the Company will provide more training to its staff as well as to review and improve the training courses continuously so as to accommodate the needs for business operation and staff.

Labor Standards

The Company strictly complies with the laws and regulations of the PRC and no child or forced labor is engaged in any of the Group’s business. During the Review Period, the Group was not aware of any of such cases being reported.

Corporate Cultural Activities

The Company strives to develop a noble and highly efficient corporate culture while adhering to the philosophy of “people oriented” and the primary theme of “safe production” so as to create a good environment for both production and living.

Environment, Social and Governance Report

Sustainable Development

The Company has established water return systems at its processing factories. Thanks to the water return systems, the limited water resources have been used effectively, which safeguards the water resources for production and living as well as reduces the production cost and creates the biggest benefit for the local community in return.

Building a Beautiful Community Together

With an aim to create a good environment for business development, the Company values the communication between its subsidiaries and local governmental departments. The Company has joined the local village committee in the discussion and research of environmental construction, reconstructed approach channels for local villagers and safeguarded the development of local agricultural production so as to build a harmonious society even with such insignificant effort.

The Company was conducting environmental protection activities such as trees planting.

Adhering to its philosophy of "Founding with integrity and developing in harmony", the Company firstly emphasises on the coordination and adjustment with relevant entities including local governments and villages when constructing a harmonious community. Secondly, the Company reinforces its foundation of harmony by being actively cooperative as it has always been in the past years so as to develop excellent standardised, humanised and characteristic enterprises.

Report on Review of Interim Condensed Financial Information



Ernst & Young
22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Tel : +852 2846 9888
Fax : +852 2868 4432
www.ey.com

安永會計師事務所
香港中環
添美道1號
中信大廈22樓

電話 : +852 2846 9888
傳真 : +852 2868 4432
www.ey.com

**To the board of directors of
CHINA POLYMETALLIC MINING LIMITED**
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim condensed financial information set out on pages 38 to 61, which comprises the consolidated statement of financial position of China Polymetallic Mining Limited as at 30 June 2016 and the related consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of a report on interim condensed financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

The directors are responsible for the preparation and presentation of this interim condensed financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim condensed financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

26 July 2016

Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016

	Notes	For the six months ended 30 June	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
REVENUE	3	11,035	78,336
Cost of sales		(11,604)	(35,793)
Gross profit/(loss)		(569)	42,543
Other income and gains	4	1,027	8,472
Selling and distribution expenses		(306)	(334)
Administrative expenses		(28,514)	(18,397)
Impairment loss on other receivables	5	(36,049)	–
Other expenses		(565)	(73)
Finance costs	5	(19,980)	(37,552)
LOSS BEFORE TAX	5	(84,956)	(5,341)
Income tax credit/(expense)	6	20,498	(1,197)
LOSS FOR THE PERIOD		(64,458)	(6,538)
Attributable to:			
Owners of the Company		(63,909)	(6,194)
Non-controlling interests		(549)	(344)
		(64,458)	(6,538)
Loss per share attributable to ordinary equity holders of the Company:			
— Basic and diluted	7	RMB(0.032)	RMB(0.003)
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Changes in fair value		–	8,951
Other comprehensive income for the period, net of tax		–	8,951
Total comprehensive income/(loss) for the period		(64,458)	2,413
Attributable to:			
Owners of the Company		(63,909)	2,667
Non-controlling interests		(549)	(254)
		(64,458)	2,413

Interim Consolidated Statement of Financial Position

30 June 2016

	Notes	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	8	609,710	629,288
Investment property	9	8,981	–
Intangible assets	8	737,638	739,991
Prepaid land lease payments	8	11,912	12,047
Payments in advance	10	50,042	47,691
Prepayments and deposits	10	215,635	215,635
Deferred tax assets		76,376	55,878
Total non-current assets		1,710,294	1,700,530
CURRENT ASSETS			
Inventories		22,010	26,940
Trade receivables	11	15,610	66,197
Prepayments, deposits and other receivables	10	15,977	19,256
Cash and cash equivalents		656,716	672,738
Total current assets		710,313	785,131
CURRENT LIABILITIES			
Trade payables	12	9,566	9,349
Other payables and accruals		184,501	199,640
Due to a related party	13	13,594	–
Tax payable		95,132	95,132
Interest-bearing bank and other loans	14	200,984	200,984
Total current liabilities		503,777	505,105
NET CURRENT ASSETS		206,536	280,026
Total assets less current liabilities		1,916,830	1,980,556

Interim Consolidated Statement of Financial Position

30 June 2016

	Note	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
NON-CURRENT LIABILITIES			
Other loans	14	304,859	304,859
Provision for rehabilitation		18,942	18,297
Total non-current liabilities		323,801	323,156
Net assets		1,593,029	1,657,400
EQUITY			
Equity attributable to owners of the Company			
Issued capital		17	17
Reserves		1,529,864	1,593,686
Non-controlling interests		1,529,881 63,148	1,593,703 63,697
Total equity		1,593,029	1,657,400

Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Attributable to owners of the Company												Total equity RMB'000
	Issued capital RMB'000	Share premium account RMB'000	Available-for-sale investment revaluation reserves RMB'000	Reserve fund RMB'000	Safety funds surplus reserve RMB'000	Capital contribution reserve RMB'000	Share option reserve RMB'000 note 15	Difference arising from changes in non-controlling interests RMB'000	Retained profits/(accumulated losses) RMB'000	Proposed final dividend RMB'000	Total RMB'000	Non-controlling interests RMB'000	
At 1 January 2015	17	1,314,942	-	29,115	8,838	233,000	66,980	(4,115)	39,496	-	1,688,273	51,083	1,739,356
Loss for the period	-	-	-	-	-	-	-	-	(6,194)	-	(6,194)	(344)	(6,538)
Other comprehensive income for the period:													
Change in fair value of available-for-sale investments, net of tax	-	-	8,861	-	-	-	-	-	-	-	8,861	90	8,951
Total comprehensive income for the period	-	-	8,861	-	-	-	-	-	(6,194)	-	2,667	(254)	2,413
Establishment for safety fund surplus reserve	-	-	-	-	1,093	-	-	-	(1,093)	-	-	-	-
Utilisation of safety fund surplus reserve	-	-	-	-	(550)	-	-	-	550	-	-	-	-
Capital injection from non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	200	200
Equity-settled share option arrangement	-	-	-	-	-	-	464	-	-	-	464	-	464
At 30 June 2015 (unaudited)	17	1,314,942	8,861	29,115	9,381	233,000	67,444	(4,115)	32,759	-	1,691,404	51,029	1,742,433
At 1 January 2016	17	1,314,942*	-*	29,115*	9,219*	233,000*	66,494*	(4,115)*	(54,969)*	-	1,593,703	63,697	1,657,400
Total comprehensive loss for the period	-	-	-	-	-	-	-	-	(63,909)	-	(63,909)	(549)	(64,458)
Establishment for safety fund surplus reserve	-	-	-	-	327	-	-	-	(327)	-	-	-	-
Utilisation of safety fund surplus reserve	-	-	-	-	(506)	-	-	-	506	-	-	-	-
Equity-settled share option arrangement	-	-	-	-	-	-	87	-	-	-	87	-	87
Transfer of share option reserves upon the forfeiture of share options	-	-	-	-	-	-	(16,298)	-	16,298	-	-	-	-
At 30 June 2016 (unaudited)	17	1,314,942*	-*	29,115*	9,040*	233,000*	50,283*	(4,115)*	(102,401)*	-	1,529,881	63,148	1,593,029

* These reserve accounts comprise the consolidated reserves of RMB1,529,864,000 (31 December 2015: RMB1,593,686,000) in the consolidated statement of financial position.

Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	Notes	For the six months ended 30 June	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(84,956)	(5,341)
Adjustments for:			
Finance costs		19,980	36,069
Unrealised foreign exchange loss		307	59
Bank interest income	4	(819)	(1,355)
Interest income from structured deposits		–	(6,960)
Equity-settled share option expense	15	87	464
Depreciation	8	11,940	16,197
Loss/(gain) on disposal of items of property, plant and equipment	5	219	(156)
Impairment loss on other receivables	5	36,049	–
Amortisation of intangible assets	8	2,420	3,153
Amortisation of prepaid land lease payments	8	135	135
		(14,638)	42,265
Decrease/(increase) in trade receivables		14,538	(7,439)
Decrease/(increase) in inventories		4,930	(625)
Decrease in prepayments, deposits and other receivables		79	3,953
Increase in trade payables		217	41
Increase in other payables and accruals		6,497	20,479
		11,623	58,674
Cash generated from operations		11,623	58,674
Interest received		819	1,355
Income tax paid		–	(4,418)
		12,442	55,611
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		(3,908)	(24,225)
Decrease/(increase) in structured deposits		–	209,946
Proceeds from disposal of items of property, plant and equipment		30	345
Acquisition of a subsidiary		(21,681)	(100,000)
Expenditures on exploration and evaluation assets		–	(1,293)
		(25,559)	84,773
Net cash flows from/(used in) investing activities		(25,559)	84,773

Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	For the six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(16,192)	(32,167)
Advance from a related party	16,655	–
Proceeds from bank and other loans	–	354,859
Consultation fees paid on financing activities	–	(3,200)
Service charges paid on financing activities	–	(111)
Payment to a related party	(3,368)	–
Repayment of bank and other loans	–	(538,904)
Dividends paid	–	(153)
Net cash flows used in financing activities	(2,905)	(219,676)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(16,022)	(79,292)
Cash and cash equivalents at beginning of the period	672,738	781,558
Effect of foreign exchange rate changes	–	(59)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	656,716	702,207

Notes to Interim Condensed Financial Information

30 June 2016

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business in Hong Kong is Room 2509, 25/F, Tower One Lippo Centre, No. 89 Queensway, Hong Kong.

During the Review Period, the Group were principally engaged in mining, ore processing and the sale of lead-silver concentrates and zinc-silver concentrates. There were no significant changes in the nature of the Group's principal activities during the Review Period.

In the opinion of the Directors, the Company does not have an immediate holding company or ultimate holding company. CITIC Dameng Investments Limited ("Dameng"), a company incorporated in the British Virgin Islands, is in a position to exercise significant influence over the Company.

2.1 BASIS OF PREPARATION

The unaudited interim condensed financial information for the Review Period has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The unaudited interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2015.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this interim condensed financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015, except for the adoption of the following amendments to a number of IFRS issued by the International Accounting Standards Board for the first time for financial year beginning 1 January 2016.

Amendments to IFRS 10, IFRS 12 and IAS 28	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to IFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to IAS 1	<i>Disclosure Initiative</i>
Amendments to IAS 16 and IAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to IAS 16 and IAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to IAS 27	<i>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements 2012–2014 Cycle</i>	Amendments to a number of IFRSs

The adoption of these amendments to IFRSs has had no significant financial effect on the financial position or performance of the Group.

Notes to Interim Condensed Financial Information

30 June 2016

3. REVENUE AND OPERATING SEGMENT INFORMATION

Revenue, which is the Group's turnover, represents the net invoiced value of goods sold, net of various types of government surcharges.

The Group's revenue and contribution to profit were mainly derived from its sale of lead-silver concentrates and zinc-silver concentrates, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment.

Entity-wide disclosures

Information about products

The following table sets out the total revenue derived from sales to external customers by product and the percentage of total revenue by product during the Review Period:

	For the six months ended 30 June			
	2016		2015	
	RMB'000	%	RMB'000	%
	(Unaudited)		(Unaudited)	
Lead-silver concentrates	5,498	49.8	53,155	67.9
Zinc-silver concentrates	5,537	50.2	25,181	32.1
	11,035	100.0	78,336	100.0

Geographical information

(a) Revenue from external customers

All external revenue of the Group during the Review Period was attributable to customers established in the PRC, the place of domicile of the Group's operating entities.

(b) Non-current assets

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Mainland China	1,494,622	1,505,763
Myanmar	139,296	138,889
	1,633,918	1,644,652

Notes to Interim Condensed Financial Information

30 June 2016

3. REVENUE AND OPERATING SEGMENT INFORMATION (CONTINUED)

Entity-wide disclosures (Continued)

Information about major customers

Revenue derived from each of the major customers accounting for 10% or more of the total revenue is set out below:

	For the six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Customer A	7,116	–
Customer B	1,364	–
Customer C	–	36,526
Customer D	–	9,287
Customer E	–	32,010

4. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Interest income from structured deposits	–	6,960
Bank interest income	819	1,355
Rental income	200	–
Gain from disposal of items of property, plant and equipment	–	156
Others	8	–
	1,027	8,471

Notes to Interim Condensed Financial Information

30 June 2016

5. LOSS BEFORE TAX

The Group's loss before tax was derived at after charging/(crediting):

	Notes	For the six months ended	
		2016	2015
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
		30 June	
Cost of inventories sold		11,604	35,793
Interest on bank and other loans		16,135	32,160
Consultation fees in respect of financing activities		3,200	3,200
Interest on discounted bills receivable		–	1,483
Unwinding of a discount		645	598
Others		–	111
Finance costs		19,980	37,552
Staff costs (including directors' and chief executive's remuneration):			
Wages and salaries		6,801	9,815
Equity-settled share option expense	15	87	464
Pension scheme contributions			
— Defined contribution fund		373	415
		7,261	10,694
Depreciation of items of property, plant and equipment	8	11,940	16,197
Amortisation of intangible assets ^	8	2,420	3,153
Amortisation of prepaid land lease payments ^	8	135	135
Depreciation and amortisation		14,495	19,485
Impairment loss on other receivables	10	36,049	–
Auditors' remuneration		1,500	1,500
Foreign exchange losses		307	55
Operating lease rentals		580	739
Loss/(gain) on disposal of items of property, plant and equipment		219	(156)

^ The amortisation of intangible assets and prepaid land lease payments for the Review Period and the prior period is included in "Cost of sales" in the profit or loss.

Notes to Interim Condensed Financial Information

30 June 2016

6. INCOME TAX

The major components of income tax expense/(credit) were as follows:

	For the six months ended	
	30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current — Mainland China		
Charge for the period	—	3,292
Deferred	(20,498)	(2,095)
Total tax charge for the period	(20,498)	1,197

Notes:

- Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.
- No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Review Period.
- The subsidiaries located in Mainland China are liable to PRC corporate income tax at a rate of 25% on the assessable profits generated for the Review Period.

7. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of loss per share is based on the loss attributable to owners of the Company for the Review Period of RMB63,909,000 (six months ended 30 June 2015: RMB6,194,000), and the weighted average number of ordinary shares of 1,988,765,000 (six months ended 30 June 2015: 1,988,765,000) in issue during the Review Period.

No adjustment has been made to the basic earnings per share amounts presented for the Review Period and the prior period in respect of a dilution as the exercise price of the Company's outstanding share options was higher than the average market price for the Company's shares during the Review Period and the prior period.

Notes to Interim Condensed Financial Information

30 June 2016

8. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND PREPAID LAND LEASE PAYMENTS

Movements in property, plant and equipment, intangible assets and prepaid land lease payments during the Review Period are as follows:

	Property, plant and equipment RMB'000 (Unaudited) (note (a))	Intangible assets RMB'000 (Unaudited) (note (b))	Prepaid land lease payments RMB'000 (Unaudited) (note (c))
Carrying amount at 1 January 2016	629,288	739,991	12,047
Additions	1,592	67	–
Disposal	(249)	–	–
Transfers (note 9)	(8,981)	–	–
Depreciation/amortisation charged for the Period (note 5)	(11,940)	(2,420)	(135)
Carrying amount at 30 June 2016	609,710	737,638	11,912

Notes:

- (a) As at 30 June 2016, the Group was in the customary process of obtaining the relevant building ownership certificates ("BOCs") for the Group's plant with a net carrying amount of RMB7,818,000 (31 December 2015: RMB8,081,000). The Group's plant can only be sold, transferred or mortgaged when the relevant BOCs have been obtained.

As at 30 June 2016, the Group's plant with a net carrying amount of approximately RMB7,818,000 (31 December 2015: RMB8,081,000) was erected on the land where the Group was still in the process of applying for the land use rights certificate.

As at 30 June 2016, the Group's property, plant and machinery with a net carrying amount of RMB68,238,000 (31 December 2015: RMB72,479,000) were pledged to secure certain bank and other loans granted to the Group (note 14(a)).

- (b) As at 30 June 2016, the Group's intangible assets with a net carrying amount of approximately RMB61,902,000 (31 December 2015: RMB61,902,000) were pledged to secure certain bank and other loans granted to the Group (note 14(a)).

- (c) As at 30 June 2016, the Group's prepaid land lease payments with a net carrying amount of approximately RMB11,912,000 (31 December 2015: RMB12,047,000) were pledged to secure certain bank and other loans granted to the Group (note 14(a)).

Notes to Interim Condensed Financial Information

30 June 2016

9. INVESTMENT PROPERTY

	30 June 2016 RMB'000 (Unaudited)
Cost	11,933
Accumulated depreciation	(2,952)
Net carrying amount	8,981
Opening carrying book amount	–
Transfer from property, plant and equipment (note 8)	8,981
Closing net carrying amount	8,981

As at 30 June 2016, the fair value of the investment property was estimated to be approximately RMB10,588,000 (31 December 2015: not applicable). The valuation was performed by Sichuan Gongchengxin Real Estate and Land Appraisal Company Limited, independent professionally qualified valuers. Selection criteria of the external valuer include market knowledge, reputation, independence and whether professional standards are maintained. The valuation was determined using the sale comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre.

The investment property is leased to a third party under an operating lease.

Notes to Interim Condensed Financial Information

30 June 2016

10. PAYMENTS IN ADVANCE, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
<i>Current portion:</i>			
Prepayments in respect of:			
— purchase of inventories		929	1,094
— professional fees	(a)	3,329	6,529
— prepaid land lease payments to be amortised within one year		270	270
— others		1,634	1,568
Deposits in respect of:			
— preliminary survey for certain lead and zinc mines	(b)	8,327	8,327
— others		773	610
Other receivables in respect of:			
— transfer from trade receivables	(c)	46,932	—
— Staff advances		715	858
		62,909	19,256
Impairment	(c)	(46,932)	—
<i>Non-current portion:</i>			
Payments in advance in respect of:			
— prepaid land lease payments		11,883	11,883
— property, plant and equipment		27,949	25,897
— exploration rights		10,210	9,911
		50,042	47,691
Prepayments in respect of purchase of inventories	(d)	214,165	214,165
Deposit in respect of:			
— environment rehabilitation		1,170	1,170
— others		300	300
		215,635	215,635
		281,654	282,582

Notes to Interim Condensed Financial Information

30 June 2016

10. PAYMENTS IN ADVANCE, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

Notes:

- (a) The balance as at 30 June 2016 mainly represents the professional fee of RMB3,200,000 (31 December 2015: RMB6,400,000) paid to an independent third party in relation to the consultancy service on financing strategy including assistance in obtaining new bank loans and negotiating with the bank regarding renewal of loans, which covers a period from 1 July 2016 to 31 December 2016.
- (b) The balances represent good-faith deposits for conducting a preliminary survey of certain lead and zinc mines located in Myanmar.
- (c) Pursuant to a restructuring arrangement executed by the owner of the Group's customer, namely Ruili Yuxiang Industrial Co., Ltd. ("Yuxiang"), in January 2016, the Group entered into a debtor transfer agreement with Yuxiang and another entity controlled by the owner of Yuxiang on 20 January 2016. As a result, the trade receivable balance with Yuxiang of RMB46,932,000, and the corresponding impairment provision of RMB10,883,000 recognised in 2015, were transferred to other receivables.

However, the transferred balance has not been collected according to the agreed repayment terms during the Review Period as a result of the weak market condition. As such, the Group had made additional impairment provision of RMB36,049,000 for the Review Period. Despite such provision and longer-than-expected repayment period, the Group will initiate necessary actions to recover the receivable in part or in full.

- (d) The balances represent prepayments made to Xiangcaopo Mining, an independent third party supplier for tungsten and tin ores. Mr. Li Jincheng, the sole owner of Xiangcaopo Mining, entered into an equity pledge agreement with the Group in June 2011, pursuant to which Mr. Li Jincheng pledged his entire equity interests in Xiangcaopo Mining to the Group as security for the future delivery of the ores.

11. TRADE RECEIVABLES

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Trade receivables	34,107	95,577
Impairment	(18,497)	(29,380)
	15,610	66,197

An aged analysis of the trade receivables (net of impairment) as at 30 June 2016 and 31 December 2015, based on the delivery date, is as follows:

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Within 3 months	–	3,490
6 to 9 months	3,490	55,038
9 to 12 months	–	7,669
1 to 2 years	12,120	–
	15,610	66,197

Notes to Interim Condensed Financial Information

30 June 2016

11. TRADE RECEIVABLES (CONTINUED)

The movement in provision for impairment of trade receivables during the Review Period is as follows:

	RMB'000
At 1 January 2016	29,380
Transfer to impairment of other receivables (note 10)	(10,883)
	18,497

Except for a certain customer with a nine-month credit term, the Group granted a credit term of three months to other customers given the unfavourable market conditions. As at 30 June 2016, trade receivables were non-interest-bearing and unsecured.

The aged analysis of the trade receivables that are not individually impaired and trade receivables that are considered impaired are as follows:

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Neither past due nor impaired	–	715
3 to 6 months past due	715	–
Amounts due and impaired, net of provision		
— Neither past due nor impaired	2,775	57,813
— Less than 3 months past due	–	7,669
— 3 to 6 months past due	12,120	–
	15,610	66,197

The Directors are of the opinion that no further provision for impairment is necessary in respect of the above balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Notes to Interim Condensed Financial Information

30 June 2016

12. TRADE PAYABLES

An aged analysis of the trade payables as at 30 June 2016 and 31 December 2015, based on the invoice date, is as follows:

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Within 1 month	540	497
1 to 2 months	75	231
2 to 3 months	63	281
Over 3 months	8,888	8,340
	9,566	9,349

Trade payables are non-interest-bearing and are normally settled on 30-day terms.

13. DUE TO A RELATED PARTY

The balance as at 30 June 2016 represents a one-year unsecured shareholder's loan of USD2,550,000 (equivalent to RMB16,655,000) granted by Dameng to the Group on 22 March 2016 for the purpose of the processing plant construction at the Aung Jiuja Mine, which was partially repaid by the Group of USD500,000 (equivalent to RMB3,368,000) in May 2016. The interest rate of the shareholder's loan has not been determined. The Directors are of the opinion that the interest rate will approximate to the prevailing bank borrowing rates available for the loans with the similar term and maturity.

Notes to Interim Condensed Financial Information

30 June 2016

14. INTEREST-BEARING BANK AND OTHER LOANS

	Notes	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Bank loans:			
Secured and guaranteed	(a)	100,000	100,000
Other loans:			
Secured and guaranteed	(b)	405,843	405,843
		505,843	505,843
Analysed into:			
<i>Bank loans repayable:</i>			
Within one year		100,000	100,000
<i>Other loans repayable:</i>			
Within one year		100,984	100,984
In the second year		304,859	304,859
		405,843	405,843
		505,843	505,843
Balances classified as current liabilities		(200,984)	(200,984)
Balances classified as non-current liabilities		304,859	304,859

Notes to Interim Condensed Financial Information

30 June 2016

14. INTEREST-BEARING BANK AND OTHER LOANS (CONTINUED)

Notes:

- (a) The balance as at 30 June 2016 consists of (i) a one-year interest-bearing bank loan granted by Ping An Bank on 7 December 2015 of RMB50,000,000, which bears interest at a fixed rate of 5.22% per annum and is guaranteed by Mr. Ran Xiaochuan (note 18(a)); and (ii) a one-year interest-bearing bank loan granted by Ping An Bank on 14 December 2015 of RMB50,000,000, which bears interest at a fixed rate of 5.22% per annum and is guaranteed by Mr. Ran Xiaochuan (note 18(a)). Such loans were withdrawn from the three-year banking facilities of RMB900 million granted by Ping An Bank on 25 June 2014 (the "Banking Facilities"). In addition, the Group and Ping An Bank entered into a mortgage agreement regarding the Banking Facilities in January 2015. The Banking Facilities are secured by:

	Net book amount as at 30 June 2016 RMB'000
<i>Secured by:</i>	
Property, plant and equipment	68,238
Intangible assets	61,902
Prepaid land lease payments	11,912

- (b) The balances as at 30 June 2016 consist of (i) an other loan borrowed from Ping An Bank by way of gold lease arrangement, with the principal of RMB100,984,000 on 29 July 2015, which bears interest at a fixed rate of 6.8% per annum with maturity date on 28 July 2016, guaranteed by Mr. Ran Xiaochuan (note 18(a)) and secured by 99% of the equity interests in Kunrun, 90% of the equity interests in Dakuangshan Company, 90% of the equity interests in Liziping Company and 90% of the equity interests in Menghu Company; and (ii) an other loan borrowed from Ping An Bank by way of gold lease arrangement, with the principal of RMB304,859,000 on 24 June 2015 withdrawn from the Banking Facilities, which is guaranteed by Mr. Ran Xiaochuan (note 18(a)) and bears interest at a fixed rate of 7.5% per annum with maturity date on 23 June 2018. The Group has undertaken to settle both other loans mentioned above by delivery of a pre-specified quantity of gold through a forward purchase contract at a price which equals the principal plus interest due.

Notes to Interim Condensed Financial Information

30 June 2016

15. SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants including executives or officers (including executive, non-executive and independent non-executive Directors) or employees (whether full time or part time) of any member of the Group and any persons whom the Directors considers, in their sole discretion, have contributed or will contribute to the development and growth of the Group. The Share Option Scheme was approved by the Company's shareholders on 24 November 2011 and, unless otherwise cancelled or amended, will remain in force for ten years from that date. Please refer to the 2015 annual report of the Company for details.

The following share options were outstanding under the Share Option Scheme during the Review Period:

	Notes	Weighted average exercise price HK\$ per share	Number of options
As at 1 January 2016			
— share options granted to the independent non-executive Directors (the "INEDs")	(i)	2.22	42,162,162
— 2013 Granted Options (defined in note 15(ii))	(i)	1.70	70,091,892
Forfeited during the Review Period			
— Share options granted to the INEDs	(ii)	2.22	(14,054,054)
— 2013 Granted Options	(ii)	1.70	(26,545,946)
As at 30 June 2016			71,654,054

Notes:

- (i) The share options outstanding as at 1 January 2016 represented 42,162,162 share options granted by the Company on 14 December 2011 at the exercise price of HK\$2.22 per share and share options of 70,091,892 granted by the Company on 16 January 2013 at the exercise price of HK\$1.70 to certain of the eligible participants of the Company in respect of their services to the Group in the next year (the "2013 Granted Options") under the Share Option Scheme.
- (ii) The share options granted to two independent non-executive Directors and certain eligible participants under the 2013 Granted Options were forfeited following their resignations during the Review Period.

Notes to Interim Condensed Financial Information

30 June 2016

15. SHARE OPTION SCHEME (CONTINUED)

The exercise prices and exercise periods of the share options outstanding as at 30 June 2016 and 31 December 2015 are as follows:

30 June 2016

Number of options	Exercise price per share* HK\$	Exercise period
7,027,024	2.22	From 14 December 2012 to 13 December 2016
15,810,813**	2.22	From 11 June 2013 to 13 December 2016
1,756,757	2.22	From 14 December 2013 to 13 December 2016
1,756,757	2.22	From 14 December 2014 to 13 December 2016
1,756,757	2.22	From 14 December 2015 to 13 December 2016
21,772,972	1.70	From 16 January 2014 to 15 January 2018
10,886,487	1.70	From 16 January 2015 to 15 January 2018
10,886,487	1.70	From 16 January 2016 to 15 January 2018
71,654,054		

31 December 2015

Number of options	Exercise price per share* HK\$	Exercise period
10,540,536	2.22	From 14 December 2012 to 13 December 2016
15,810,813**	2.22	From 11 June 2013 to 13 December 2016
5,270,271	2.22	From 14 December 2013 to 13 December 2016
5,270,271	2.22	From 14 December 2014 to 13 December 2016
5,270,271	2.22	From 14 December 2015 to 13 December 2016
35,045,946	1.70	From 16 January 2014 to 15 January 2018
17,522,973	1.70	From 16 January 2015 to 15 January 2018
17,522,973	1.70	From 16 January 2016 to 15 January 2018
112,254,054		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issue, or other similar changes in the Company's share capital.

** The share options granted to three independent non-executive Directors who failed to be reappointed during the Company's 2013 annual general meeting held on 11 June 2013 become immediately exercisable according to their service agreements with the Company.

Notes to Interim Condensed Financial Information

30 June 2016

15. SHARE OPTION SCHEME (CONTINUED)

The Group had 71,654,054 share options exercisable as at 30 June 2016 (31 December 2015: 94,731,081). The Group recognised a share option expense of HK\$102,000 (equivalent to approximately RMB87,000) during the Review Period (six months ended 30 June 2015: HK\$571,000, equivalent to approximately RMB464,000).

The fair value of equity-settled share options granted was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	Equity-settled share options granted on:	
	14 December 2011	16 January 2013
Dividend yield (%)	1.83	2.90
Expected volatility (%)	63.65	52.37
Risk-free interest rate (%)	0.83	0.38

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

As at 30 June 2016, the Company had 71,654,054 share options outstanding under the Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 71,654,054 additional ordinary shares of the Company and additional share capital of HK\$717 and share premium of at least HK\$136,427,391 (before issue expenses).

At the date of this Interim Report, the Company had 71,654,054 share options outstanding under the Share Option Scheme, which represented approximately 3.6% of the Company's shares in issue as at that date.

16. DIVIDENDS

At a meeting of the Directors held on 26 July 2016, the Directors of the Company resolved not to declare or pay any interim dividend for the Review Period to shareholders (six months ended 30 June 2015: Nil).

Notes to Interim Condensed Financial Information

30 June 2016

17. COMMITMENTS

The Group had the following capital commitments at the end of the Review Period:

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Contracted, but not provided for:		
— Exploration and evaluation assets	5,366	5,935
— Property, plant and equipment	27,261	27,578
	32,627	33,513

18. RELATED PARTY TRANSACTIONS

(a) During the Review Period, the Group had the following material transactions with its related party:

	For the six months ended 30 June 2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Bank loan guaranteed by Mr. Ran Xiaochuan	100,000	100,000
Other loan guaranteed by Mr. Ran Xiaochuan	405,843	405,843

The bank and other loans were guaranteed by Mr. Ran Xiaochuan, the Company's executive director, for nil consideration (notes 14(a) & (b)).

Notes to Interim Condensed Financial Information

30 June 2016

18. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balance with a related party

Details of the Group's shareholder's loans obtained from Dameng are included in note 13 to the interim condensed financial information.

(c) Compensation of key management personnel of the Group:

	For the six months ended	
	30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fees	1,844	1,559
Basic salaries and other benefits	480	445
Equity-settled share-based payments	5	290
Pension scheme contributions	5	5
	2,334	2,299

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's cash deposits, interest-bearing bank and other loans approximate to their fair values based on the prevailing borrowing rates available for deposits and loans with similar terms and maturities during the Review Period. The fair value measurement hierarchy of the above interest-bearing bank and other loans requires significant unobservable inputs (Level 3).

The carrying amounts of the Group's other financial instruments approximate to their fair values due to the short term to maturity at the end of the Review Period.

20. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

The interim condensed financial information was approved and authorised for issue by the Board on 26 July 2016.

Glossary

“Audit Committee”	the audit committee of the Board
“Aung Jiuja Mine”	a lead-zinc mine to which the Harbor Star Mining Company Limited (“Harbor Star”), a subsidiary of the Company whose registered office is as Ruian County, Shan State, Myanmar, owns the mining right
“Board”	the board of directors of the Company
“BVI”	the British Virgin Islands
“CG Code”	the Corporate Governance Code contained in Appendix 14 to the Listing Rules, as amended from time to time
“China” or “PRC” or “Mainland China”	the People’s Republic of China excluding, for the purpose of this Interim Report, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Company”	China Polymetallic Mining Limited (中國多金屬礦業有限公司), a limited liability company incorporated under the laws of the Cayman Islands on 30 November 2009
“Dakuangshan Company”	Mang City Xindi Mining Company Limited (芒市鑫地礦業有限責任公司) a subsidiary of the Company whose registered office is at Mang City, Yunnan Province, the PRC
“Dakuangshan Mine”	a lead-zinc-silver polymetallic mine to which the Dakuangshan Company owns the mining right
“Dazhupeng Mine”	a lead-zinc-silver polymetallic mine located in Yingjiang County, Yunnan Province, China, with respect to which we hold an exploration permit
“Director(s)”	director(s) of the Company
“g/t”	grams per tonne
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKEx”	Hong Kong Exchanges and Clearing Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRS”	International Financial Reporting Standards, which comprise standards and interpretations approved by the International Accounting Standards Board (the “IASB”) and the International Accounting Standards (the “IAS”) and Standing Interpretations Committee Interpretations approved by the International Accounting Standards Committee that remain in effect
“IPO”	the initial public offering and listing of shares of the Company on the main board of Hong Kong Stock Exchange on 14 December 2011
“kg”	kilogram(s)
“km”	kilometre(s), a metric unit measure of distance
“kt”	thousand tonnes
“Kunrun”	Yingjiang County Kunrun Industry Company Limited (盈江縣昆潤實業有限公司), a subsidiary of the Company whose registered office is at Yingjiang County, Yunnan Province, the PRC
“Listing Date”	14 December 2011
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Liziping Company”	Nujiang Shengjia Chengxin Industrial Company Ltd. (怒江州聖佳誠信實業有限公司), a subsidiary of the Company whose registered office is at Lanping County, Yunnan Province, the PRC
“Liziping Mine”	a lead-zinc-silver polymetallic mine to which the Liziping Company owns the exploration right
“Lushan Mine”	a tungsten-tin polymetallic ore mine located in Yingjiang County, Yunnan Province, China, operated by Xiangcaopo Mining, an independent third party
“Menghu Company”	Meng La Chen Feng Mining Development Company Limited (勐腊縣宸豐礦業開發有限公司), a subsidiary of the Company whose registered office is at Mengla County, Yunnan Province, the PRC
“Menghu Mine”	a lead mine to which the Menghu Company owns the mining right
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules

Glossary

“Nomination and Remuneration Committee”	the nomination and remuneration committee of the Board
“Review Period”	six months ended 30 June 2016
“RMB”	the lawful currency of the PRC
“Shizishan Mine”	a lead-zinc-silver polymetallic mine located in Yingjiang County, Yunnan Province, China, and operated by Kunrun
“sq.km.”	square kilometer
“t”	tonne
“tpd”	tonnes per day
“US” or “United States”	the United States of America
“US\$”	United States dollar(s), the lawful currency of the US
“Xiangcaopo Mining”	Yunnan Xiangcaopo Mining Co., Ltd, a limited liability company in China, currently wholly owned by Mr. Li Jincheng, an independent third party
“Yunnan Next Horizon”	Yunnan Next Horizon Polymetallic Investment Limited (雲南迅新多金屬投資有限公司), a subsidiary of the Company whose registered office is at Kunming, Yunnan Province, the PRC
“%”	per cent.