中國有色金屬有限公司*

China Nonferrous Metals Company Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 8306

First Quarterly Report 2014

* for identification only

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This report, for which the directors (the "Directors") of China Nonferrous Metals Company Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") for the purposes of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

HIGHLIGHTS

- Achieved a turnover of approximately RMB21.2 million for the three months ended 31 March 2014, representing an approximately 45.9% decrease as compared with that of the corresponding period in 2013.

- The net loss of the Group attributable to owners of the Company for the three months ended 31 March 2014 was approximately RMB17.3 million (2013: RMB7.3 million).

- The Directors do not recommend dividend for the three months ended 31 March 2014.

The board (the "Board") of Directors of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the three months ended 31 March 2014, together with the comparative figures for the corresponding period in 2013 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

		Three months ended 31 March	
	Notes	**2014** ***RMB'000*** **(unaudited)**	2013 *RMB'000* (unaudited)
Revenue	3	**21,212**	39,194
Cost of sales		**(19,441)**	(30,565)
Gross profit		**1,771**	8,629
Other income		**109**	41
Changes in fair value of derivative financial instruments		**24**	2,456
Selling and distribution costs		**(425)**	(709)
Administrative expenses		**(6,871)**	(7,663)
Equity-settled share options expenses		**–**	(346)
(Loss)/profit from operations		**(5,392)**	2,408
Finance costs		**(11,805)**	(10,402)
Loss before income tax		**(17,197)**	(7,994)
Income tax (expense)/credit	4	**(103)**	369
Loss for the period		**(17,300)**	(7,625)
Attributable to:			
Owners of the Company		**(17,300)**	(7,251)
Non-controlling interests		**–**	(374)
Loss for the period		**(17,300)**	(7,625)
			(Restated)
Losses per share	6		
Basic and diluted		**RMB(0.99) cent**	RMB(0.41) cent

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended 31 March	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Loss for the period	**(17,300)**	(7,625)
Other comprehensive income, after tax		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(688)**	10
Total other comprehensive income for the period, net of tax	**(688)**	10
Total comprehensive income for the period	**(17,988)**	(7,615)
Attributable to:		
Owners of the Company	**(17,988)**	(7,241)
Non-controlling interests	**–**	(374)
	(17,988)	(7,615)

NOTES:

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

The Company was incorporated in Bermuda on 14 April 2004 as an exempted company under the Companies Act 1981 of Bermuda (as amended). Its shares are listed on GEM with effect from 28 February 2005.

The functional currency of the Company is Hong Kong Dollars ("HK$"). The consolidated financial information are presented in Renminbi ("RMB") since most of the companies comprising the Group are operating in RMB environment and the functional currency of most of the companies comprising the Group is RMB.

The Directors consider that the Company's immediate and ultimately holding company is Ruffy Investments Limited ("Ruffy"), a company incorporated in the British Virgin Islands.

The principal activity of the Company is investment holding. The principal subsidiaries of the Company are engaged in the mining, processing and trading of mineral resources. There were no significant changes in the Group's operations during the period.

The unaudited consolidated results have been prepared in accordance with International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board. The unaudited consolidated results also include the applicable disclosure requirements of the GEM Listing Rules.

The accounting policies adopted in preparing the unaudited consolidated results for the three months ended 31 March 2014 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013. The consolidated results for the three months ended 31 March 2014 are unaudited but have been reviewed by the Company's audit committee.

2. ADOPTION OF NEW AND AMENDED IFRSs

In the current period, the Group has applied for the first time the new standards, amendments and interpretations (the "new IFRSs"), which are relevant to and effective for the Group's financial statements for the annual financial period beginning on 1 January 2014.

The adoption of the new IFRSs did not change the Group's accounting policies as followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013. The Directors anticipate that the adoption of the new IFRSs had no material impact on how the results for the current and prior periods have been prepared and presented.

3. REVENUE

The Group is engaged in the mining, processing and trading of mineral resources. Revenue recognised during the three months ended 31 March 2014 are as follows:

	Three months ended 31 March	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Mining, processing and trading of mineral resources	**21,212**	39,194

4. INCOME TAX (EXPENSE)/CREDIT

	Three months ended 31 March	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current taxation	**–**	–
Deferred taxation	**(103)**	369
Total tax (expense)/credit for the period	**(103)**	369

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong during the periods presented. Income tax expense/credit for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

5. DIVIDEND

No dividend has been paid, proposed, or declared by the Group for the three months ended 31 March 2014 (2013: Nil).

6. LOSSES PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Basic losses per share is calculated based on the Group's loss for the period attributable to owners of the Company of RMB17,300,000 (2013: RMB7,251,000) divided by the weighted average number of approximately 1,751,308,000 (2013: approximately 1,751,308,000 (restated)) ordinary shares in issue during the period.

Diluted losses per share for the three months ended 31 March 2014 and 2013 are same as the basic losses per share because the impacts of both of the exercise of share options and conversion of the convertible bonds are anti-dilutive.

7. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2014

	Attributable to owners of the Company											
	Share capital *RMB'000*	Share premium *RMB'000*	Capital redemption reserve *RMB'000*	Translation reserve *RMB'000*	Specific reserve *RMB'000*	Other reserve *RMB'000*	Share option reserve *RMB'000*	Convertible bonds equity reserve *RMB'000*	(Accumulated losses)/ retained profits *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
At 1 January 2014 (audited)	**3,107**	**970,169**	**6**	**(13,644)**	**4,264**	**15,529**	**50,783**	**118,673**	**(54,233)**	**1,094,654**	**-**	**1,094,654**
Loss for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(17,300)**	**(17,300)**	**-**	**(17,300)**
Other comprehensive income												
Currency translation	**-**	**-**	**-**	**(688)**	**-**	**-**	**-**	**-**	**-**	**(688)**	**-**	**(688)**
Total comprehensive income for the period	**-**	**-**	**-**	**(688)**	**-**	**-**	**-**	**-**	**-**	**(17,988)**	**-**	**(17,988)**
At 31 March 2014 (unaudited)	**3,107**	**970,169**	**6**	**(14,332)**	**4,264**	**15,529**	**50,783**	**118,673**	**(71,533)**	**1,076,666**	**-**	**1,076,666**

For the three months ended 31 March 2013

	Share capital *RMB'000*	Share premium *RMB'000*	Capital redemption reserve *RMB'000*	Translation reserve *RMB'000*	Specific reserve *RMB'000*	Other reserve *RMB'000*	Share option reserve *RMB'000*	Convertible bonds equity reserve *RMB'000*	(Accumulated losses)/ retained profits *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
At 1 January 2013 (audited)	3,107	970,169	6	(13,997)	4,264	(20,560)	53,084	118,673	194,508	1,309,254	92,844	1,402,098
Equity-settled share option arrangements	-	-	-	-	-	-	346	-	-	346	-	346
Transactions with owners	-	-	-	-	-	-	346	-	-	346	-	346
Loss for the period	-	-	-	-	-	-	-	-	(7,251)	(7,251)	(374)	(7,625)
Other comprehensive income												
Currency translation	-	-	-	10	-	-	-	-	-	10	-	10
Total comprehensive income for the period	-	-	-	10	-	-	-	-	(7,251)	(7,241)	(374)	(7,615)
At 31 March 2013 (unaudited)	3,107	970,169	6	(13,987)	4,264	(20,560)	53,430	118,673	187,257	1,302,359	92,470	1,394,829

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

Market review

Lead

Total global supply of lead for the first two months of 2014 stood at approximately 1.710 million tonnes whilst total consumption for the same period was only approximately 1.725 million tonnes, representing a supply deficit of approximately 15,000 tonnes. During the year 2013, global lead production was approximately 10.593 million tonnes and consumption was approximately 10.615 million tonnes, representing a supply deficit of approximately 22,000 tonnes.

World refined lead supply and usage

January – February	**2014**	2013
Metal production (tonnes)	**1,710,000**	1,683,000
Metal usage (tonnes)	**1,725,000**	1,675,000
(Deficit)/surplus (tonnes)	**(15,000)**	8,000

Source: International Lead and Zinc Study Group ("ILZSG")

There was slight increase in both global refined lead metal production and consumption as compared with last corresponding period. In accordance with ILZSG forecasts, global demand for refined lead metal is expected to rise to 11.51 million tonnes in 2014. The supply for refined lead metal is expected to rise to 11.48 million tonnes in 2014. As a consequence, it is anticipated that there should not have any material deficit/surplus between the usage and consumption in 2014.

Zinc

Total global supply of zinc was approximately 2.131 million tonnes for the first two months of 2014 whilst total consumption was approximately 2.137 million tonnes, representing a supply deficit of approximately 6,000 tonnes. During the year 2013, global zinc production was approximately 13.138 million tonnes and consumption was approximately 13.198 million tonnes, representing a supply deficit of approximately 60,000 tonnes.

World refined zinc supply and usage

January – February	**2014**	2013
Metal production (tonnes)	**2,131,000**	2,127,000
Metal usage (tonnes)	**2,137,000**	2,077,000
(Deficit)/surplus (tonnes)	**(6,000)**	50,000

Source: ILZSG

In accordance with ILZSG forecasts, world usage of refined zinc metal will increase to approximately 13.58 million tonnes in 2014. Global demand of zinc metal is expected to increase by approximately 5.8%, 3% and 1.7% in China, Europe and the United States respectively.

PRC nonferrous metals development and prospect

According to an article issued by the China Nonferrous Metals Industry Association of the People's Republic of China (the "PRC"), the national output of ten nonferrous metals for the year of 2013, including lead and zinc, rose to approximately 40.29 million tonnes, its output growth has increased by approximately 9.9% while compared with year 2012. The output of lead and zinc climbed by approximately 5.0% to 4.47 million tonnes and approximately 11.1% to 5.30 million tonnes respectively. Total profitability in nonferrous metals industry in the PRC had decreased by approximately 5.9% to approximately RMB207.3 billion as compared with last year.

Looking ahead, the Group will continue to further expand its existing capacity and explore investment opportunities in the PRC mining industry in order to establish its position as one of the industry leader in zinc and lead mining in the PRC. With the expertise and experience of our management team, the Group believes it has the ability to produce even better results in the future.

Financial highlights

The Group is principally engaged in the mining, processing and trading of mineral resources. The mining site in Bameng Wuzhong Qi Jiashengpan Zinc, Lead and Pyrite Resources Exlpoitation Co. Ltd ("Jiashengpan"), which is a significant profit generating business in the Group and its performance is heavily weighted to the Group's profitability. Jiashengpan has generated revenue of approximately RMB21.1 million, representing approximately 99.5% of the Group's revenue. However, nonferrous metals mining's gross profit margin ratio was diminished from approximately 16.4% to 7.9% compared with last corresponding period which was mainly attributable to the increase in the production cost in recent years. Sales in the first quarter were mainly referred to the inventories brought forward from last year. As the selling price in zinc concentrates has no material fluctuation in the first quarter of 2014 and 2013, gross profit margin ratio in nonferrous metals mining during the corresponding period was similar as the year ended 31 December 2013 of approximately 6.4% (2012: 17.2%).

The following is a comparison of financial results between the three months ended 31 March 2014 and 2013:

For the three months ended 31 March 2014, the Group recorded a turnover of approximately RMB21.2 million, representing a decrease of approximately 45.9% as compared with the turnover of approximately RMB39.2 million for the same period last year. Total costs of production decreased 36.4% to approximately RMB19.4 million compared with the same period in last corresponding period as a result of no revenue generated from metal trading business.

Revenue and gross profit margin for the three months ended 31 March 2014 is as follows:

	Three months ended 31 March 2014				Three months ended 31 March 2013			
	Revenue	**Cost of sales**	**Gross profit**	**Gross profit %**	Revenue	Cost of sales	Gross profit	Gross profit %
	RMB'000	***RMB'000***	***RMB'000***		*RMB'000*	*RMB'000*	*RMB'000*	
Nonferrous metal mining	**21,112**	**(19,441)**	**1,671**	**7.9%**	33,346	(27,893)	5,453	16.4%
Metal trading	**-**	**-**	**-**	**-**	2,790	(2,672)	118	4.2%
Indent trading/service income	**100**	**-**	**100**	**100%**	3,058	–	3,058	100%
Total	**21,212**	**(19,441)**	**1,771**	**8.3%**	39,194	(30,565)	8,629	22.0%

The Group usually experiences lower sales in the first quarter due to reduced business activities around Chinese New Year holiday as our customers generally place their orders in advance in the quarter immediately prior to the Chinese New Year. In addition, the extreme snowy weather condition affected the utilisation of the production equipment at the Inner Mongolian plant making the sales comparatively lower in the first quarter.

The followings are the sales volume and average selling prices for each of our mining products and trading business in respect of the three months ended 31 March 2014 and 2013:

	Three months ended 31 March 2014			Three months ended 31 March 2013		
	Sales volume *(tonne)*	**Selling price** *(RMB/tonne)*	**Total revenue** *(RMB'000)*	Sales volume *(tonne)*	Selling price *(RMB/tonne)*	Total revenue *(RMB'000)*
Zinc concentrates	**2,212**	**7,788.4**	**17,228**	4,168	7,880.8	32,847
Lead concentrates crude lead and ingots	**229**	**9,414.8**	**2,156**	180	12,711.1	2,288
Sulphuric acid	**7,312**	**62.1**	**454**	6,297	159.0	1,001
Tailing mine	**10,872**	**117.2**	**1,274**	–	–	–
Indent trading/ service income	**-**	**-**	**100**	–	–	3,058
			21,212			39,194

Financial information by ordinary course of business

The Company is engaged in three ordinary courses of business – nonferrous metal mining, nonferrous metal trading and metal commodity futures contracts, reflecting the structure used by the Company's management to assess the performance of the Group.

	Three months ended 31 March 2014				
	Mining	Metal trading	Metal commodity futures	Unallocated corporate income and expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	21,112	100	–	–	21,212
Changes in fair value of derivative financial instruments	–	–	24	–	24
Cost of sales	(19,441)	–	–	–	(19,441)
Gross profit	1,671	100	24	–	1,795
Other income	103	6	–	–	109
Selling and distribution costs	(425)	–	–	–	(425)
Administrative expenses	(4,694)	(434)	(148)	(1,595)	(6,871)
Finance costs	(4,829)	–	(11)	(6,965)	(11,805)
Loss before income tax	(8,174)	(328)	(135)	(8,560)	(17,197)

Addendum to business and financial review

For the year ended 31 December 2013, overall revenue of the Group was approximately RMB383.3 million and the trade and note receivables as at 31 December 2013 was approximately RMB182.0 million, as such accounts receivable turnover was approximately 173 days. Long turnover days was mainly caused by the indent trading activity during the year. According to paragraph 21 in the appendix of International Accounting Standard 18 "Revenue", as the Group acted as an agent, the net receivable in return for services performed was recognised as revenue instead of the gross invoiced amount. In this regard, only the gross profit of approximately RMB3.1 million instead of the gross invoiced amount of approximately RMB355.8 million from the indent trading activity was recognised as revenue in the consolidated income statement. However, the gross amount was recorded in the trade receivable balance. As such, the Directors are of the view that the significant amount in the trade receivables but comparatively lower in revenue is a matter of accounting treatment. Subsequent to the 2013 year end date and up to 12 May 2014, trade and note receivables of RMB179.5 million as at 31 December 2013 has been settled. The remaining outstanding amount of RMB2.5 million is related to an independent customer for whom there is no recent history of default.

The gross profit generated from the services performed by the Group as an agent of approximately RMB0.1 million have been recognised as revenue of the Group for the three months ended 31 March 2014. Its corresponding gross invoiced amount was approximately RMB128.3 million. Trade and note receivables as at 31 March 2014 was approximately RMB129.6 million. Subsequent to 31 March 2014 and up to 12 May 2014, approximately RMB5.1 million has been received from trade and note receivables, the remaining outstanding balance of approximately RMB124.5 million is within its credit term.

Further information to the impairments on intangible assets and property, plant and equipment

The Directors have carefully reviewed the recoverable amount of the cash generating unit ("CGU") of the mining business by reference to the professional valuations performed by independent professional valuers at each year end date. Based on the valuation report performed as at 31 December 2012 (the "2012 Valuation"), since the recoverable amount of the CGU was higher than the carrying amount, no impairment was considered as necessary. According to the valuation report performed as at 31 December 2013 (the "2013 Valuation"), as the recoverable amount of the CGU was less than the carrying amount by approximately RMB261,000,000, impairment losses of RMB195,750,000 and RMB65,250,000 were allocated to intangible assets and property, plant and equipment respectively.

As compared to the 2012 Valuation, the decrease in the recoverable amount of the CGU in the 2013 Valuation was mainly attributable to the increase in discount rate and the deferral in production schedule, which is partially set off by the increase in estimated growth rate.

1. Increase in discount rate

The discount rates reflected the existing market assessments of the time value of money and the risks specific to the mining site at the valuation dates. The discount rates assumed for the 2012 Valuation and 2013 Valuation were 12.21% and 16.15% respectively. The increase in discount rate was mainly attributable to the rise in the estimated risk free rate and market risk premium due to the change in macro economic conditions.

2. Deferral in production schedule

As a result of more low-grade ore was processed during 2013, the production volume was below expectation. Hence, it is reasonable to defer the production schedule when preparing the 2013 Valuation. Going forward, the Company will carry out further feasible studies to identify the higher grading ore area to improve the production and financial performance.

3. Increase in estimated growth rate

In both 2012 Valuation and 2013 Valuation, detailed, explicit and reliable forecasts of future cash flows for periods of 5 years were estimated. Thereafter, cash flow projections until the end of the CGU's useful life are estimated by extrapolating the cash flow projections based on the forecasts using a growth rate for subsequent years.

In the 2012 Valuation, having applied a growth rate of 0%, the recoverable amount of the CGU is still higher than its carrying amount. Thus, whatever the growth rate was set, the management noted that no impairment on the CGU was considered as necessary. To simplify the valuation process, the growth rate has not been determined and remained at 0%. In year 2013, since impairment loss was considered as necessary, a more realistic recoverable amount of the CGU should be reflected in the 2013 Valuation to determine the impairment amount. In this regard, according to the data source from the International Monetary Fund, the long-term expected inflation rate in China rate of 3% was applied as the growth rate.

Other income

Other income for the quarter ended 31 March 2014 increased by approximately RMB0.07 million to RMB0.1 million compared with the same period in last corresponding period.

Changes in fair value of derivative financial instruments

It represents the gain or loss arising from the changes in fair value of the metal commodity futures contracts used to hedge against the Group's production and inventories. For the three months ended 31 March 2014, the Group recorded a gain on futures contracts of approximately RMB0.02 million (2013: approximately RMB2.5 million). The Group did not enter into any commodity futures contracts unrelated to the business operations during the period (2013: Nil).

The Group continued to take a prudent approach to hedge the inventory position through appropriate nonferrous metal futures contracts during the period. Strict internal policies and procedures are in place to ensure the position is regularly reviewed and that the Group is not exposed to undue market risk and the management is not allowed in entering into any commodity futures contracts for speculation purposes.

Operating expenses

Selling and distribution expenses for the three months ended 31 March 2014 amounted to approximately RMB0.43 million (2013: approximately RMB0.71 million), representing a decrease of approximately RMB0.28 million compared with the corresponding period in 2013.

Administrative expenses for the three months ended 31 March 2014 amounted to approximately RMB6.9 million (2013: approximately RMB7.7 million), representing a decrease of approximately RMB0.8 million compared with the quarter ended 31 March 2013. Administrative expenses mainly consisted of staff costs, legal and professional fees, rent and rates, commission, depreciation and various governmental expenses.

Finance costs

Finance costs for the quarter ended 31 March 2014 amounted to approximately RMB11.8 million, representing an increase of approximately RMB1.4 million compared with the three months ended 31 March 2013.

Loss for the period attributable to equity owners

The net loss of the Group attributable to the owners of the Company for the three months ended 31 March 2014 was approximately RMB17.3 million (2013: RMB7.3 million).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2014, the interests and short positions of the Directors and the chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of the Hong Kong Special Administrative Region (the "SFO")), which were (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) required to be recorded in the register maintained by the Company pursuant to section 352 of the SFO or; (c) as otherwise notified to the Company and the Stock Exchange in accordance with Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long positions in the shares of the Company

Ordinary shares of HK$0.002 each of the Company

Name of Director	Capacity	Number of shares	Percentage of shareholding *(%)*
He Qing	Interest of spouse	2,000,000	0.11

Note: Ms. He Qing was deemed to be interested in 2,000,000 shares which were held by Mr. Liu Ying, her spouse, under the SFO.

Share options

As at 31 March 2014, none of the Directors and chief executive of the Company had any interests and short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); and (b) required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

SHARE OPTION SCHEME

As at 1 January 2014 and 31 March 2014, options to subscribe for an aggregate of 109,642,000 shares had been granted to certain employees and suppliers/advisors of the Group. Details of outstanding options as at 31 March 2014 were as follows:

	Number of share options							
Name or category of participant	At 1 January 2014	Granted during the period	Exercised during the period	Lapsed during the period	At 31 March 2014	Date of grant of share options (note)	Exercise period of share options	Exercise price of share options HK$
Employees								
In aggregate								
	300,000	-	-	-	300,000	15/05/2009	Period 1	0.216
	1,000,000	-	-	-	1,000,000	20/05/2009	Period 3	0.234
	4,468,000	-	-	-	4,468,000	04/12/2009	Period 6	0.260
	4,468,000	-	-	-	4,468,000	04/12/2009	Period 7	0.260
	6,702,000	-	-	-	6,702,000	04/12/2009	Period 8	0.260
	6,702,000	-	-	-	6,702,000	04/12/2009	Period 9	0.260
	71,702,000	-	-	-	71,702,000	28/7/2010	Period 10	0.246
	95,342,000	-	-	-	95,342,000			
Suppliers/Advisors								
In aggregate								
	1,600,000	-	-	-	1,600,000	19/05/2009	Period 2	0.220
	700,000	-	-	-	700,000	17/08/2009	Period 4	0.272
	2,000,000	-	-	-	2,000,000	04/12/2009	Period 5	0.260
	2,000,000	-	-	-	2,000,000	04/12/2009	Period 6	0.260
	2,000,000	-	-	-	2,000,000	04/12/2009	Period 7	0.260
	3,000,000	-	-	-	3,000,000	04/12/2009	Period 8	0.260
	3,000,000	-	-	-	3,000,000	04/12/2009	Period 9	0.260
	14,300,000	-	-	-	14,300,000			
	109,642,000	-	-	-	109,642,000			

Period 1	15 November 2009 to 14 May 2014
Period 2	19 May 2009 to 18 May 2014
Period 3	20 March 2010 to 19 May 2014
Period 4	17 June 2010 to 16 August 2014
Period 5	4 December 2009 to 3 December 2014
Period 6	4 December 2010 to 3 December 2014
Period 7	4 December 2011 to 3 December 2014
Period 8	4 December 2012 to 3 December 2014
Period 9	4 December 2013 to 3 December 2014
Period 10	28 July 2010 to 30 May 2015

Note:

The vesting date of the share options for Periods 2, 5 and 10 are the date of grant. The share options for Period 1 are subject to half year vesting period. The share options for Periods 3 and 4 are subject to ten months vesting period. The vesting period of the share options for Periods 6, 7, 8 and 9 are subject to one, two, three and four years vesting period respectively.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2014, so far as the Directors were aware, the following persons or companies (other than the Directors or chief executive of the Company) had an interest or short position in the shares, underlying shares and debentures of the Company which were discloseable under Divisions 2 and 3 of Part XV of the SFO and recorded in the register of interests required to be kept by the Company pursuant to Section 336 of SFO:

Name of shareholders	Type of interests	Position	Number of shares	Approximate percentage
Ruffy Investments Limited (Note 1)	Beneficial owner	Long	1,371,544,609	78.32%
	Beneficial owner	Short	70,000,000	4.00%
Mr. Mei Wei (Notes 1 & 2)	Interest in controlled corporation	Long	1,371,544,609	78.32%
	Beneficial owner	Long	83,912,000	4.79%
			1,455,456,609	83.11%
	Interest in controlled corporation	Short	70,000,000	4.00%

Notes:

1. These shares and underlying shares of the Company comprise of 1,033,091,706 shares and HK$372,298,194 of outstanding principal amount of convertible bonds which can be convertible into 338,452,903 shares, were held by Ruffy, which is wholly-owned by Mr. Mei Wei. Mr. Mei Wei was deemed to be interested in these shares and the underlying shares under the SFO. Among the shares owned by Ruffy, 125,324,850 shares and HK$370,957,666 of outstanding principal amount of convertible bonds have been pledged by Ruffy to CCB International Group Holdings Limited, 893,167,054 shares have been pledged by Ruffy to Xinxing Pipes (Hong Kong) Co. Limited.

   On 13 March 2012, Ruffy issued 350,000,000 warrants to Merry Intake Limited, a wholly-owned subsidiary of CCB International Group Holdings Limited, conferring rights to subscribe for 350,000,000 shares of the Company of HK$0.0004 each at the initial exercise price of HK$0.12 per share. Pursuant to supplemental deed dated 31 December 2012, the aforesaid exercise price has been adjusted to HK$0.08 per share. The total number of warrants and the exercise price have been adjusted to 70,000,000 and HK$0.40 per Share respectively as a result of every five shares of the Company of HK$0.0004 each have been consolidated into one share of HK$0.002 each, which is effective on 20 June 2013.

2. These shares and underlying shares of the Company, comprise of 11,210,000 shares and 72,702,000 share options, were beneficially held by Mr. Mei Wei.

Save as disclosed herein, so far as known to any Director or chief executive of the Company, no other person (other than the Directors and chief executive of the Company) had any interest and short positions in the shares, underlying shares and debentures of the Company which were discloseable under Divisions 2 and 3 of Part XV of the SFO and required to be recorded in the register required to be kept under Section 336 of the SFO as at 31 March 2014.

CORPORATE GOVERNANCE

The Company has complied throughout the three months ended 31 March 2014 with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules with certain deviations in respect of the distinctive roles of chairman and chief executive officer as described in the 2013 annual report. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The Board continues to believe that this structure is conducive to strong and consistent leadership, enabling the Company to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Mei Ping, and believes that his appointment to the posts of Chairman is beneficial to the business prospects of the Company.

Also, the Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard of dealings and its code of conduct regarding Directors' securities transactions during the reporting period.

FOREIGN EXCHANGE EXPOSURE

The Group has bank balances, sales and purchases denominated in foreign currencies which expose the Group to foreign currency risk. The currency risk for those subsidiaries with functional currency in HK$ were mainly attributable to the bank balances and other receivables denominated in United States Dollars ("USD") as at the end of the reporting period. As the exchange rate of HK$ is pegged against USD, the Directors were of the opinion that the currency risk of USD was insignificant to the Group.

The Group currently does not have foreign currency hedging policy but the management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

DIRECTORS/CONTROLLING SHAREHOLDERS INTERESTS IN COMPETING BUSINESS

During the period and at the date of this report, the following Director(s) and controlling shareholder is/are considered to have interests in the businesses, which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the GEM Listing Rules.

Mr. Mei Ping held shareholding or directorship in 深圳冠欣礦業集團有限公司 and 深圳市冠欣投資有限公司 (collectively referred as "First Create Group") which, including its subsidiaries and associated companies, engaged in the mining and trading business. The Company's substantial shareholder, Mr. Mei Wei, also has beneficial interest and directorship in First Create Group. However, the Directors do not consider the interests/directorship held by Mr. Mei Ping and Mr. Mei Wei to be competing in practice with the relevant businesses of the Group in view of:

(1) Different target customers: trading business of First Create Group is overseas focus while majority turnover in the Group is local business.

(2) Trading volume in First Create Group is significantly higher than the Group.

In addition, the Board is independent from the board of directors of the aforesaid companies as Mr. Mei Ping cannot personally control the Board. Further, Mr. Mei Ping is fully aware of, and has been discharging, his fiduciary duty to the Company and has acted and will continue to act in the best interest of the Company and its shareholders as a whole. Therefore, the Group is capable of carrying on its businesses independently of, and at arm's length from the business of such companies.

Mr. Mei Wei also held shareholding interests and/or directorship in companies engaged in the mineral resources. However, the Directors do not consider the interest held will create any competing in practice with the relevant businesses of the Group as the mineral resources explored are not mainly zinc and lead concentrates oriented or the mining sites activities are inactive.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the three months ended 31 March 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

AUDIT COMMITTEE

The Company established an audit committee on 16 February 2005 with written terms of reference in compliance with the GEM Listing Rules. The authority and duties of the audit committee are based on the guidelines set out in "A Guide for The Formation of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants.

The audit committee provides a link between the Board of Directors and the Company's auditors in matter coming within the scope of the Group audit. It also reviews and supervises the financial reporting process (including review of the first quarterly results for the three months ended 31 March 2014) and internal control procedures of the Group. The members of the audit committee comprises two independent non-executive Directors, namely Mr. Chan Siu Lun and Ms. He Qing, which fall below the minimum requirement of Rule 5.05(1) and Rule 5.28 of the GEM Listing Rules. The vacancy created by the resignation of Mr. Chen Mingxian on 17 March 2014, will be filed shortly.

The Group's unaudited consolidated results for the three months ended 31 March 2014 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards.

MATERIAL ACQUISITION AND DISPOSAL

No material acquisitions or disposals of subsidiaries and associated companies have been made by the Company during the three months ended 31 March 2014.

CONTINGENCIES

As at 31 March 2014, there was no guarantees given to any banks or financial institutions by the Groups to the parties outside the Group.

PUBLIC FLOAT

For the three-month period ended 31 March 2014, the Company has maintained the public float requirement as stipulated by the GEM Listing Rules.

On behalf of the Board
China Nonferrous Metals Company Limited
Mei Ping
Chairman

Hong Kong, 12 May 2014

As at the date of this report, the Board consists of two executive Directors, namely Mr. Mei Ping and Mr. Tsang Chung Sing, Edward and two independent non-executive Directors, namely Mr. Chan Siu Lun and Ms. He Qing.