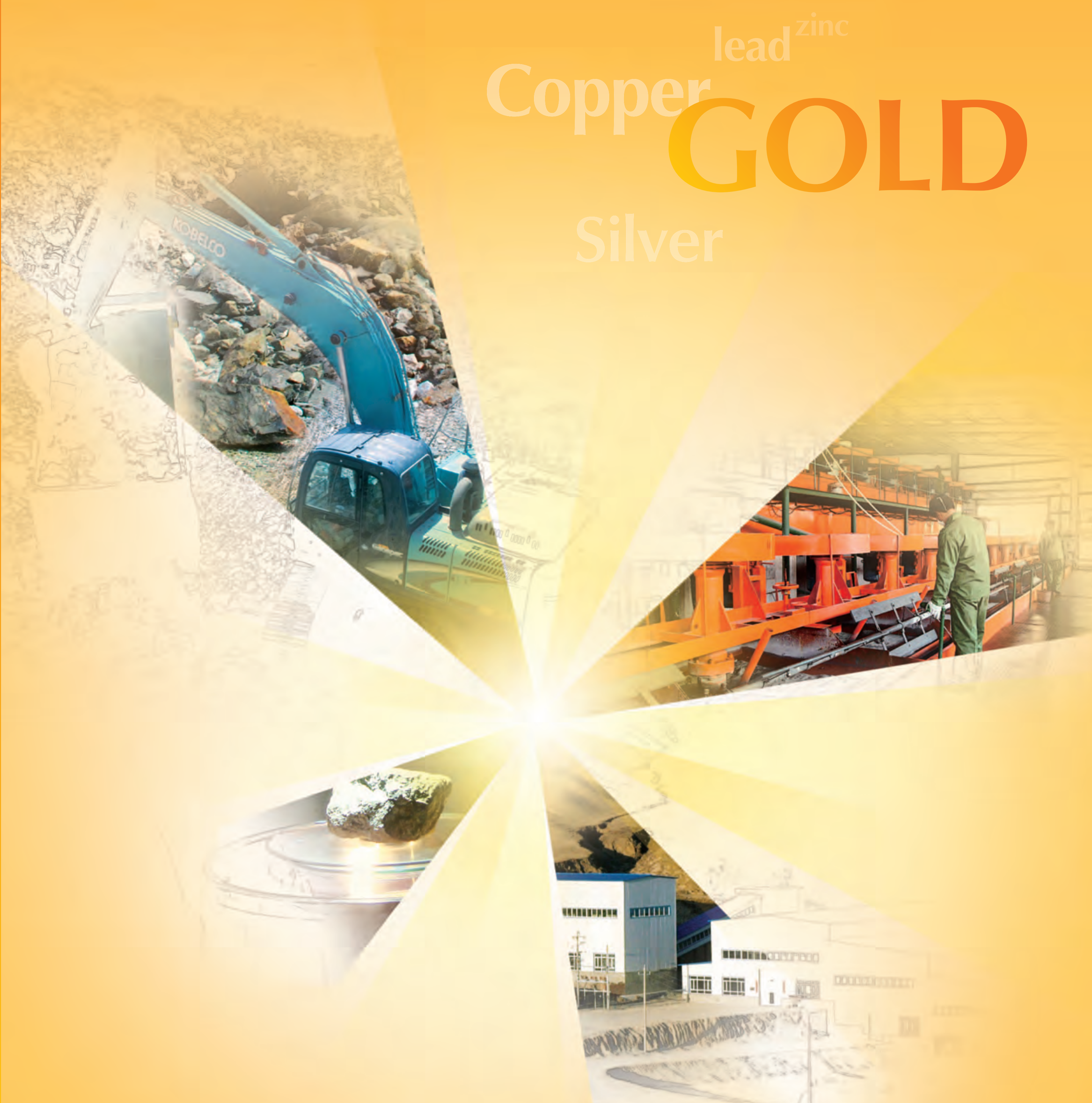
Real Gold Mining Limited
瑞金礦業有限公司

瑞金礦業
Real Gold Mining Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 246

✦ Annual Report **2010**



Real Gold Mining

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CORPORATE INFORMATION

Directors

Executive Directors

Mr. Lu Tianjun *(Chairman)*
Mr. Qiu Haicheng *(Chief Executive Officer)*
Mr. Ma Wenxue *(Vice Chairman)*
Mr. Cui Jie *(Chief Financial Officer)*

Independent Non-executive Directors

Mr. Mak Kin Kwong
Mr. Zhao Enguang
Mr. Xiao Zuhe
Mr. Yang Yicheng

Secretary to the Board

Ms. Yu Lulu

Nomination and Remuneration Committee

Mr. Xiao Zuhe *(Chairman)*
Mr. Zhao Enguang
Mr. Yang Yicheng

Audit and Risk Management Committee

Mr. Mak Kin Kwong *(Chairman)*
Mr. Zhao Enguang
Mr. Xiao Zuhe

Joint Company Secretaries

Ms. Yu Lulu
Mr. Leung Wai Chiu, Albert

Authorized Representatives

Mr. Xiao Zuhe
Mr. Leung Wai Chiu, Albert

Investor Relations Contact

Mr. Lawrence Kwan Wing Hung
20/F., No. 633 King's Road,
North Point Hong Kong
E-mail: investorrelationship@realgoldmining.com

Auditors

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor,
One Pacific Place,
88 Queensway,
Hong Kong

Legal Advisor

O'Melveny & Myers in association with Gordon Ng & Co.
31st Floor, AIA Central,
1 Connaught Road Central,
Hong Kong

Compliance Advisor

Haitong International Capital Limited
25th Floor,
New World Tower,
16–18 Queen's Road Central,
Hong Kong

Registered Office

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

Principal Place of Business in Hong Kong

20/F., No. 633 King's Road,
North Point, Hong Kong

Headquarters of Our Company

3rd Floor, Block B,
Caifu Building,
Daming Street,
Xincheng District,
Chifeng City,
Inner Mongolia,
The People's Republic of China

Principal Share Registrar and Transfer Office

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House,
68 Fort Street,
P.O. Box 609,
Grand Cayman KY1-1107,
Cayman Islands

Hong Kong Share Registrar and Transfer Office

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

Principal Bankers

Bank of China (Hong Kong) Limited
Bank of China Tower Branch
Bank of Communications
Beijing Branch
BNP Paribas
Hong Kong Branch
China Merchants Bank
Shenzhen Branch
Agricultural Bank of China
Chifeng Songshan District Branch
Balinzuo Banner Branch
Guangdong Development Bank
Huizhou Branch
Industrial and Commercial Bank of China Limited
Chifeng Songshan District Branch
Chifeng Zhaowuda Branch
Xiamen International Bank
Xiamen Siming Sub-branch
Hang Seng Bank
Beijing Branch
Shenzhen Development Bank
Offshore Business Department

Stock Name

Real Gold Mining Limited
(RealGold Mining)

Stock Code

246

Website of the Company

www.realgoldmining.com

✦ CHAIRMAN'S STATEMENT

We have three gold mines in operation in the Chifeng Municipality, Inner Mongolia, namely the Shirengou Gold Mine, the Nantaizi Gold Mine and the Luotuochang Gold Mine.

Dear Shareholders,

I am pleased to present to shareholders the full year results of Real Gold Mining Limited ("Real Gold" or the "Company") for the year ended 31 December 2010.

Looking back, the world economy was still in the midst of uncertainties in 2010. With the debt crisis in Europe and anticipation of the risk of inflation, gold is continuously sought after. Gold acts as a safe haven against risk and a value-preservation instrument. This led to a persistent rise in price during the year which hit record highs again and again. Also, the introduction by the PRC Government of the "Opinions on Promoting the Development of the Gold Market" was another factor favorable to the development of gold producers.

By capturing the doubly advantageous business opportunity afforded by market and policy, Real Gold with its privately operated business system continued to move on steadily according to its established development plan. On one hand, the Company keeps improving its production capacity to increase gold output to drive its profit growth; on the other hand, by means of continued exploration and acquisition of gold mines to increase its gold reserves, the Company provides an unceasing stream of impetus for long-term development.

During the year, the Company recorded a revenue of approximately RMB 1.37 billion, a year-on-year increase of 35%; our gross profit increased by approximately 41% to approximately RMB 1.06 billion and our gross profit margin was 77%. Net profit attributable to equity holders of the Company increased by approximately 52% to approximately RMB 800 million; the basic earnings per share and diluted earnings per share of the Company were RMB 95.15 cents and RMB 94.79 cents respectively.

We have three gold mines in operation in the Chifeng Municipality, Inner Mongolia, namely the Shirengou Gold Mine, the Nantaizi Gold Mine and the Luotuochang Gold Mine. The Company continues to maintain a high utilization rate of production capacity. The daily processing capacities of the processing facilities at Shirengou — Nantaizi Gold Mine and Luotuochang Gold Mine were maintained at 1,480 tonnes and 1,100 tonnes respectively, making it approximately 2,580 tonnes, and the annual average utilization rates of production capacity were 99% and 99% respectively; the average recovery rates were 85% and 87% respectively. During the year, the total amount of payable gold produced at Shirengou — Nantaizi Gold Mine was approximately 107,800 ounces, with a total equivalent gold production of approximately 141,300 ounces, which had increased from 2009 by approximately 18% and 20% respectively. The total amount of payable gold produced at Luotuochang Gold Mine was approximately 28,300 ounces, with a total equivalent gold production of approximately 70,800 ounces, which had increased from 2009 by approximately 11% and 20% respectively.

Real Gold has as its principal development strategy the acquisition of high-quality gold mines. After the completion in the acquisition of Shangrao City Jinshi Mining Technology Development Limited* (上饒市金石礦業科技開發有限公司) ("Jinshi Mining") in Jiangxi Province in China, the Company acquired all the share capital interests in Liuzhoushi Yuanyi Mining Limited Liability Company* (柳州市元義礦業有限責任公司) ("Yuanyi Mining") and the entire share capital interests in Great Future Investments Limited ("Great Future") which was interested in 78.57% of share capital interests in Guangxi Jinding Mineral Resources Co., Ltd.* (廣西金鼎礦業有限公司) ("Guangxi Jinding") in May, with the deals completed in June. Jinshi Mining owns the Daping Gold Mine, and Yuanyi Mining owns the Yantang Gold Mine, whereas Guangxi Jinding owns the Yandan Gold Mine and 12 other gold mines.

The Company stepped up its efforts in exploring the mineralized veins in the newly acquired mining areas to expand its gold mine resources. The Company's exploration and construction works rolled out at Fuyuan Gold Mine and Daping Gold Mine were going on, and it is expected that production at Fuyuan Gold Mine and Daping Gold Mine will commence by July 2011 (assuming no change in local government policy affecting mine development) and October 2011 respectively. At present, exploration at Yantang Gold Mine, Yandan Gold Mine and 12 other gold mines have been rolled out, and it is expected that commercial production at Yantang Gold Mine and Yandan Gold Mine will begin by January 2012.

Looking ahead, gold demand and gold price will remain strong. Based on our advantages in having poly-metallic mineral resources, low cost and high profit margins, we move to capture opportunities in the gold market. Together with our expansion-by-acquisition strategy, with our base in Inner Mongolia, we expand across the country in steady development. Led by our management team which has extensive experience in gold mining operations, Real Gold will continue to expand our production capacity with heightened efforts and increase our gold resources and reserves. We are committed to work hard to improve our mining and processing technologies through research and development to make the Company a leading gold producer in China.

I would like to take the opportunity to sincerely thank the board of directors of the Company (the "Board"), our management and all our staff, our shareholders and the community at large. We believe that with dedication and devotion, all obstacles will be cleared away. I believe that with our perseverance and working as one, we shall be able to take Real Gold to a very bright future and create the greatest value for shareholders.

Lu Tianjun
Chairman and Executive Director

10 March 2011

* *For identification purposes only*

Business Review

We have three gold mines in operation in the Chifeng Municipality, Inner Mongolia, namely the Shirengou Gold Mine, the Nantaizi Gold Mine and the Luotuochang Gold Mine (collectively the "Gold Mines"). The Nantaizi Gold Mine and the Shirengou Gold Mine are adjacent to each other, and the ore processing facility located at the Nantaizi Gold Mine ("Shirengou-Nantaizi Processing Plant") processes ore from both the Nantaizi Gold Mine and the Shirengou Gold Mine. Chifeng Municipality is an area rich in mineral resources with a long history of production of precious and nonferrous metals. The total production capacity of the Company's gold processing plants is currently 2,580 tonnes per day.

We specialize in the mining of gold and the processing of ore into concentrates containing gold and other minerals for subsequent sale. Gold is our core commodity because the value of gold contained in the concentrates we produce and sell exceeds the combined value of all the other metals contained in our concentrates, and contributed approximately 64.1% and 66.1% of our total revenue for the years ended 31 December 2010 and 2009 respectively. The contribution of gold in 2010 was lower than in 2009 mainly because of the increase in the contribution of copper. Both the sales quantity and the selling price of copper increased at rates higher than those of gold during the year.

On 9 February 2010, Chifeng Fuqiao Mining Co. Limited* (赤峰富僑礦業有限公司), a subsidiary of the Company ("Chifeng Fuqiao"), entered into a share transfer agreement to acquire 100% of the equity interest in Shangrao City Jinshi Mining Technology Development Limited* (上饒市金石礦業科技開發有限公司) ("Jinshi Mining"), for a consideration of RMB60.0 million. The average gold grade in Daping Gold Mine, 100% owned by Jinshi Mining, is approximately 4.70 grams per tonne, with an estimated amount of gold reserves (332+333 under PRC standard) of approximately 1,689 kg, or 54.3 thousand ounces. The transaction was completed on 21 April 2010.

On 13 May 2010, Chifeng Fuqiao entered into the equity purchase agreement to acquire 100% of equity interest in Liuzhoushi Yuanyi Mining Limited Liability Company* (柳州市元義礦業有限責任公司) ("Yuanyi Mining"), for an aggregated consideration of USD60.0 million. The average gold grade in Yantang Mine, owned by Yuanyi Mining, is approximately 2.81 grams per tonne, with the estimated amount of gold resources (333+334 under PRC standard) of approximately 17.86 tonnes, or 574 thousand ounces. The transaction was completed on 4 June 2010.

On 13 May 2010, the Company, through its 100% owned subsidiary, Lita Investment Limited ("Lita Investment") acquired 100% of the equity interest in Great Future Investments Limited ("Great Future") which owns 78.57% of the equity interest in Guangxi Jinding Mineral Resources Co., Ltd* (廣西金鼎礦業有限公司) ("Guangxi Jinding"), for a consideration of USD70,000,000. The average gold grade in Yandan Mine, one of the 13 mines owned by Guangxi Jinding, is approximately 2.16 grams per tonne, with the estimated amount of gold resources (333+334 under PRC standard) of approximately 12.85 tonnes, or 413 thousand ounces. The other 12 gold mines owned by Guangxi Jinding have estimated gold resources of approximately 12,000 kg, or 386 thousand ounces. The transaction was completed on 4 June 2010.

On 17 June 2010, the Company, through its 100% owned subsidiary, Lita Investment, entered into an agreement to acquire the remaining 2.86% of the equity interest in Fubon Industrial (Huizhou) Co., Limited* (富邦工業(惠州)有限公司) ("Fubon Industrial") from its minority shareholder, for a consideration of RMB194 million. The acquisition enabled the Group to increase its share of net profits in Fubon Industrial. The transaction was completed on 1 July 2010, three days after all the conditions precedent had been satisfied, in accordance with the relevant provisions in the acquisition agreement.

** For identification purposes only*

Operation Review

	1Q10	2Q10	3Q10	4Q10	2010	2009	YoY
Shirengou-Nantaizi Processing Plant							
Average Daily Capacity (t/day)	1,480	1,480	1,480	1,480	1,480	1,048	
Utilization Rate (%)	99.7	100.1	98.2	96.7	98.5	99.8	
Production Days (Days)	53.0	80.1	77.4	91.5	302.0	336.2	
Ore Processed (kt)	78.2	118.7	112.4	131.0	440.3	351.5	25%
Average Gold Grade (g/t)	9.1	9.0	9.0	9.0	9.0	9.4	–4%
Average Recovery Rate (%)	84.2	84.7	84.5	84.6	84.5	85.9	–2%
Payable Gold (koz)	19.2	29.1	27.5	32.0	107.8	91.2	18%
Equivalent Gold (koz)	25.5	37.5	35.6	42.7	141.3	118.1	20%
Luotuochang Processing Plant							
Average Daily Capacity (t/day)	1,100	1,100	1,100	1,100	1,100	876	
Utilization Rate (%)	98.8	98.1	99.9	100.0	99.3	100.2	
Production Days (Days)	53.0	86.2	78.0	91.1	308.3	328.8	
Ore Processed (kt)	57.6	93.1	85.7	100.2	336.6	288.4	17%
Average Gold Grade (g/t)	3.0	3.0	3.0	3.0	3.0	3.2	–6%
Average Recovery Rate (%)	86.4	86.4	86.5	86.7	86.5	86.3	—
Payable Gold (koz)	4.9	7.9	7.2	8.3	28.3	25.6	11%
Equivalent Gold (koz)	12.9	19.1	17.5	21.3	70.8	59.1	20%
Total Payable Gold (koz)	**24.1**	**37.0**	**34.7**	**40.3**	**136.1**	**116.8**	**17%**
Total Produced Equivalent Gold (koz)	**38.4**	**56.6**	**53.1**	**64.0**	**212.1**	**177.2**	**20%**
Total Sold Equivalent Gold (koz)	**37.6**	**57.1**	**50.4**	**66.4**	**211.5**	**176.3**	**20%**
Realized Gold Price (RMB/oz)^	**6,858**	**7,342**	**7,463**	**8,247**	**7,569**	**6,009**	**26%**
Total Revenue (RMB'000)^	**220,395**	**358,312**	**321,488**	**468,032**	**1,368,227**	**1,011,154**	**35%**

^ *Realized Gold Price includes the Value Added Tax, while Total Revenue excludes such tax. 2010 and 2009 revenue is audited and other figures presented above are unaudited figures.*

Operational conditions of the Shirengou-Nantaizi Processing Plant

For the year ended 31 December 2010, the Shirengou-Nantaizi Processing Plant maintained a daily ore processing capacity of approximately 1,480 tonnes. The total amount of ore processed for the year ended 31 December 2010 reached approximately 440,300 tonnes, representing an increase of approximately 25% from the year of 2009, which was mainly resulted from the improved ore processing capacity. Due to the fact that we were still at an early stage of our operation in 2009, the year in which our equipment was new with a shorter period of equipment maintenance, we had more production days in 2009 compared to 2010. We expect that our annual production days will maintain at around 300 days in the future.

The average gold grade for the year ended 31 December 2010 was approximately 9.0 grams per tonne, and the average recovery rate was around 84.5%.

The total production of payable gold and equivalent gold for the year ended 31 December 2010 was approximately 107,800 ounces and 141,300 ounces respectively, representing an increase of approximately 18% and 20% respectively from the year of 2009.

Operational conditions of the Luotuochang Processing Plant

For the year ended 31 December 2010, the Luotuochang Processing Plant maintained a daily ore processing capacity of approximately 1,100 tonnes. The total amount of ore processed for the year ended 31 December 2010 reached approximately 336,600 tonnes, representing an increase of approximately 17% from the year of 2009, which was mainly resulted from the improved ore processing capacity. Due to the fact that we were still at an early stage of our operation in 2009, the year in which our equipment was new with a shorter period of equipment maintenance, we had more production days in 2009 compared to 2010. We expect that our annual production days will maintain at around 300 days in the future.

The average gold grade for the year ended 31 December 2010 was approximately 3.0 grams per tonne, and the average recovery rate was approximately 86.5%.

The total production of payable gold and equivalent gold for the year ended 31 December 2010 was approximately 28,300 ounces and 70,800 ounces respectively, representing an increase of approximately 11% and 20% respectively from the year of 2009.

Overall, the Company produced approximately 136,100 ounces of payable gold and approximately 212,100 ounces of equivalent gold for the year ended 31 December 2010, representing an increase of approximately 17% and 20% respectively from the year of 2009. The average realized gold price for the year ended 31 December 2010 was approximately RMB7,569 per ounce, approximately 26% higher than that of the year of 2009, and the total revenue of the same period increased by approximately 35% to approximately RMB1,368.2 million. The weighted average gold grades of the Company for the first, second, third and fourth quarters and the whole year of 2010 were approximately 6.5, 6.4, 6.4, 6.4 and 6.4 grams per tonne respectively. The weighted average recovery rates of the Company for the first, second, third and fourth quarters and the whole year of 2010 were all approximately 85%.

The gold grade was higher in 2009 as compared to that in 2010, mainly because we mined gold ores beneath the surface which had higher grade resulted from the enrichment of the gold deposits there caused by a long period of leaching. We expect that the grade will not fluctuate significantly in the future as we mainly conduct our gold mining underground, and we expect that the milling grade of ores will remain at the level of 2010 by rationalizing the ore matching.

We have been continuing with our exploration activities and the construction of infrastructures and processing facilities at Fuyuan Gold Mine and Daping Gold Mine. It is expected that the production of Fuyuan Gold Mine and Daping Gold Mine will commence in July 2011 (assuming no change in local government policy affecting mine development) and October 2011 respectively.

We have also been continuing with our exploration activities at Yantang Mine, Yandan Mine and the other 12 mines in Guangxi. As Yantang Mine and Yandan Mine are located in close proximity to each other, the Company intends to process the ores from these two mines at the same ore processing facility. We expect to start production at Yantang Mine and Yandan Mine by January 2012.

Resources/Reserves

The following is a statement of Resources/Reserves (as defined under Rule 18.01 of the Listing Rules) of the Group as at 31 December 2010:

Subsidiary	% owned by the Company	Mine	Quantity of gold Resources/ Reserves (koz)	Resources or Reserves	Reporting standard	Categories	Gold Grade (g/tonne)
Shirengou	100.00%	Shirengou	474	Reserves	JORC	proved + probable	8.96
Nantaizi	100.00%	Nantaizi	1,228	Reserves	JORC	proved + probable	10.25
Guotao	100.00%	Luotuochang	828	Reserves	JORC	proved + probable	3.45
Jinshi Mining	100.00%	Daping	54	Reserves	PRC	332 + 333	4.70
Yunnan Gudao	95.00%	Yangchangbian	132	Reserves	PRC	333 + 334	2.90
Yuanyi Mining	100.00%	Yantang	574	Resources	PRC	333 + 334	2.81
Guangxi Jinding	78.57%	Yandan	413	Resources	PRC	333 + 334	2.16
Guangxi Jinding	78.57%	the other 12 mines	386	Resources	PRC	333 + 334	N/A

Financial review

Revenue

The revenue of the Group increased from approximately RMB1,011.2 million for the year ended 31 December 2009 to approximately RMB1,368.2 million for the year ended 31 December 2010. The increase was the net result of mainly the favorable and unfavorable factors mentioned below. Favorable factors were mainly the increases in the average prices of gold and other metals and that of the production capacity, while unfavorable factors were mainly fewer production days owing to a longer plant shutdown period for maintenance purposes, lower gold grade and the change in taxpayer status of our operating subsidiaries in the People's Republic of China ("PRC") (see section titled "Change in Taxpayer Status of Our Operating Subsidiaries in the PRC" below).

Cost of sales

Cost of sales was approximately RMB311.1 million for the year ended 31 December 2010, increased from approximately RMB262.5 million for the same period of 2009 and primarily included cost of raw materials consumed, subcontracting fees, auxiliary material costs, electricity costs, depreciation and amortization, environmental protection fees and production safety fees. For the year ended 31 December 2010, our cost of sales accounted for approximately 22.7% of our total revenue, decreased from approximately 26.0% for the same period of 2009.

Gross profit and gross margin

As a result of the foregoing, gross profit was approximately RMB1,057.2 million and gross margin was approximately 77.3% for the year ended 31 December 2010. For the year ended 31 December 2009, gross profit was approximately RMB748.6 million and gross margin was approximately 74.0%. The increase in gross margin was due to the higher growth rate of revenue than that of cost of sales.

Other income

Other income increased from approximately RMB35.9 million for the year ended 31 December 2009 to approximately RMB156.8 million for the year ended 31 December 2010.

Other income for the year ended 31 December 2010 consisted mainly of government subsidies of approximately RMB149.2 million and interest income of approximately RMB7.6 million. The government subsidies were in the form of a benefit from tax concession granted to us by the PRC government to encourage the development of the gold industry.

The primary source of other income for the year ended 31 December 2009 was government subsidies of approximately RMB31.3 million, interest income of approximately RMB2.2 million and a release of financial guarantee liability of approximately RMB2.4 million.

The increase in government subsidies was due primarily to the increase in sales as well as the change in taxpayer status of our operating subsidiaries in the PRC (see section titled "Change in Taxpayer Status of Our Operating Subsidiaries in the PRC" below). There was no release of financial guarantee liability in 2010 as there was no financial guarantee liability after its release upon the listing of the shares of the Company on the Stock Exchange on 23 February 2009. The increase in interest income was in line with the increase in bank balances.

Administrative expenses

Administrative expenses decreased from approximately RMB35.0 million for the year ended 31 December 2009 to approximately RMB34.5 million for the year ended 31 December 2010.

The administrative expenses for the year ended 31 December 2010 primarily represented equity-settled share-based payments expenses of approximately RMB8.2 million, professional fees of approximately RMB5.8 million and salaries paid and payable to, and benefits for, our administrative and management staff of approximately RMB7.2 million.

The administrative expenses for the year ended 31 December 2009 primarily represented equity-settled share-based payments expenses of approximately RMB16.8 million and professional fees other than those related to the initial public offering of the Company ("IPO") of approximately RMB7.8 million.

Equity-settled share-based payments expenses decreased because of the staggered vesting schedule of the share options, which resulted in a higher charge in the income statement in earlier periods than in later periods. Administrative staff costs increased substantially as additional administrative staff was required after the third-phase ore-processing capacity expansion of the processing plants of the mines in operation, and also after the acquisition of the new mines.

Other Expenses

Other expenses increased from approximately RMB13.3 million for the year ended 31 December 2009 to approximately RMB71.7 million for the year ended 31 December 2010.

Other expenses were approximately RMB71.7 million for the year ended 31 December 2010, representing primarily fees for consultancy service provided by independent professional firms for assessing the opportunities of exploration and evaluation projects of approximately RMB22.2 million and exchange losses of approximately RMB49.5 million.

Other expenses were approximately RMB13.3 million for the year ended 31 December 2009, representing primarily professional fees allocated to the listing of the Company's existing shares of approximately RMB9.1 million charged to the profit and loss account fees and exchange losses of approximately RMB4.2 million.

There were no IPO-related expenses for the year ended 31 December 2010, as the shares of the Company were listed on the Stock Exchange on 23 February 2009, and no IPO-related expenses were incurred afterwards. There were no significant fees for consultancy service provided by independent professional firms for assessing the opportunities of exploration and evaluation projects for the year ended 31 December 2009. Exchange difference arose primarily from the translation and the settlement of monetary items such as bank balances and loans receivable denominated in HKD and USD. Exchange losses increased significantly as both the amounts of the transactions and balances of the monetary items involved and the difference in the exchange rate in the calculation of the exchange difference were much larger in 2010 than in 2009.

Tax expenses

Tax expenses were approximately RMB299.3 million and RMB193.0 million for the years ended 31 December 2010 and 2009 respectively, representing income tax on the profit generated from the Gold Mines, less any tax losses brought forward from prior years, the net amount being taxed at the PRC's Enterprise Income Tax rate of 25%.

The increase in tax expense was primarily due to the increase in taxable profits in the Group's PRC operating subsidiaries.

Profit and total comprehensive income for the year attributable to owners

Profit and total comprehensive income attributable to owners of the Company for the year ended 31 December 2010 was approximately RMB798.0 million compared to approximately RMB526.7 million for the year ended 31 December 2009, representing an increase of approximately 51.5% over the year ended 31 December 2009.

Change in Taxpayer Status of Our Operating Subsidiaries in the PRC

The value added tax taxpayer status of our PRC operating subsidiaries has changed from a small-scale taxpayer to an ordinary taxpayer. The applicable value added tax rate has therefore been changed from 3% to 17%. The selling price of our products, inclusive of output value added tax, is based on the market price of the particular metal (gold, silver, copper, lead or zinc) in question. With the increase in the value added tax rate, the portion of output value added tax increases while that of revenue flowing to us decreases in the selling price. Other things being equal, our revenue would decrease as a result of the change in value added tax taxpayer status.

Before the change in value added tax taxpayer status of our PRC operating subsidiaries, input value added tax could not be used to set off against output value added tax. After the change, our PRC operating subsidiaries can now apply the input value added tax paid to set off against the output value added tax as an ordinary taxpayer.

Our gold products are exempt from value added tax. We regard this non-cash, exempted value added tax as a government subsidy and account for it as non-operating income. Government subsidies increase as a result of the change in taxpayer status in our PRC operating subsidiaries.

Overall, we pay more value added tax for selling metals other than gold. Taking all of the above into account, the profit and total comprehensive income attributable to owners of the Company for the year ended 31 December 2010 would be increased by approximately 6.1% if there were no change in the value added tax taxpayer status of our PRC operating subsidiaries.

Cash flows

For the years ended 31 December 2010 and 2009, we principally engaged in the exploration, mining and processing of gold ore and sale of concentrates in the PRC.

Our liquidity requirements relate to funding working capital, capital expenditures, acquisition of exploration and mining rights and maintaining cash reserves for future acquisitions. Our capital requirements include construction of mine shafts and the expansion of the ore processing facilities. We plan to fund acquisition of exploration and mining rights, capital expenditures and working capital with cash from operating activities, existing bank and cash balances, net proceeds from the IPO of the Company's shares in accordance with the purposes for which they are intended to be used, proceeds from the exercise of share options by directors and employees and proceeds from the issue of new shares. We may also finance our working capital, if needed, using a combination of short-term and long-term bank borrowings.

The following table sets out certain information regarding our consolidated cash flow statement for the years ended 31 December 2010 and 2009:

	Year ended 31 December	
	2010	2009
	RMB'000	RMB'000
Net cash from operating activities	**895,922**	650,014
Net cash used in investing activities	**(311,849)**	(605,468)
Net cash from financing activities	**423,304**	1,870,771
Increase in cash and cash equivalents	**1,007,377**	1,915,317
Cash and cash equivalents at beginning of the year	**1,957,810**	42,493
Cash and cash equivalents at end of the year	**2,965,187**	1,957,810

Cash and cash equivalents increased in the amount of approximately RMB1,007.4 million from approximately RMB1,957.8 million as at 31 December 2009 to approximately RMB2,965.2 million as at 31 December 2010. Of the RMB2,965.2 million, the equivalent of RMB1,547.3 million was held in Hong Kong Dollars ("HKD" or "HK$"), the equivalent of RMB142.3 million was held in United States Dollars ("USD" or "US$") and the rest was held in RMB.

We generated approximately RMB895.9 million from operating activities for the year ended 31 December 2010. Net cash from operating activities was the net cash flow relating to cash inflow in respect of profit before tax adjusted for items not involving movement of cash, cash outflow in respect of the increase in working capital under operating activities and cash outflow in respect of income tax paid.

Net cash used in investing activities amounted to approximately RMB311.8 million for the year ended 31 December 2010, of which approximately RMB538.2 million related to the cash outflow in respect of the acquisition of subsidiaries, approximately RMB103.1 million related to the cash outflow in respect of the additions of property, plant and equipment, approximately RMB97.5 million related to the cash outflow in respect of the additions of exploration and evaluation assets and approximately RMB427.0 million related to the cash inflow in respect of the decrease in advance to independent third parties.

Net cash generated from financing activities was approximately RMB423.3 million for the year ended 31 December 2010, of which approximately RMB1,057.1 million related to the cash inflow in respect of the proceeds from the issue of shares pursuant to the placing and subscription agreement dated 24 June 2010 entered into between the Company, Lead Honest, Mr. Wu Ruilin and placing agents, approximately RMB24.9 million related to the cash outflow in respect of the expenses on the afore-mentioned issue of shares, approximately RMB12.5 million related to the cash inflow in respect of the proceeds from the issue of shares as a result of the exercise of the Company's shares options by our employees, approximately RMB427.4 million related to the cash outflow in respect of the decrease in advance from independent third parties and approximately RMB194.0 million related to the cash outflow in respect of the acquisition of additional interest in an existing subsidiary.

Borrowings

As at 31 December 2010 and 31 December 2009, the Group did not have any short-term or long-term bank loans. Gearing, being total interest-bearing debt divided by total assets, was nil for both 2009 and 2010.

Pledge of assets

There were no significant charges on group assets as at 31 December 2010 and 31 December 2009.

Use of net proceeds from the Company's IPO

Information of the use of net proceeds from the Company's IPO is set out in the Directors' Report in this Annual Report.

Capital expenditure

During the year ended 31 December 2010, the Group invested approximately RMB200.6 million (2009: approximately RMB88.5 million) mainly in the construction of mining structures located at the mines. As at 31 December 2010, the capital expenditure (including exploration expenditure) incurred for Yangchangbian Mine, Daping Mine and Yantang-Yandan Mines amounted to approximately RMB31.8 million, RMB38.4 million and RMB72.6 million respectively.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 31 December 2010 and 31 December 2009.

Operating lease commitments

As at 31 December 2010, we had contracted obligations consisting of operating leases in respect of rental premises which totalled approximately RMB7.9 million with approximately RMB2.9 million due within one year and approximately RMB5.0 million due between two to five years. Lease terms are ranged from one to three years with fixed rentals.

As at 31 December 2009, we had contracted obligations consisting of operating leases in respect of rental premises which totalled approximately RMB0.5 million with approximately RMB0.3 million due within one year and approximately RMB0.2 million due between two to five years. Lease terms are ranged from one to three years with fixed rentals.

Capital commitment

As at 31 December 2010, we had capital commitment of capital expenditure contracted for but not provided in the consolidated financial statement of approximately RMB72.8 million and capital commitment of capital expenditure authorized but not contracted for an amount of approximately RMB1,209.1 million in respect of exploration and mining projects.

As at 31 December 2009, we had capital commitment of capital expenditure contracted for but not provided in the consolidated financial statement of approximately RMB9.5 million in respect of an exploration project.

Financial instruments

The Company did not have any hedging contracts or financial derivatives outstanding for the year ended 31 December 2010 and 2009.

Segment analysis

Segment information is disclosed in Note 7 to the consolidated financial statements set out in this annual report.

Employees and emoluments policy

As at 31 December 2010, the number of employees of the Group was 534 (2009: 372). For the year ended 31 December 2010, the staff cost (including directors' remuneration in the form of salaries, share-based payments and other allowances but excluding sub-contracting labour cost) was approximately RMB24.7 million (2009: approximately RMB29.8 million). Staff cost decreased despite the increase in the number of employees mainly because of the decrease in share-based payments. Share-based payments decreased because of the staggered vesting schedules of the share options, which resulted in a higher charge in the income statement in earlier periods than in later periods.

The Group's emolument policies are formulated on the performance of individual employee and on the basis of the salary trends in Hong Kong and the PRC, and will be reviewed regularly. Subject to the Group's profitability, the Group may also distribute discretionary bonus to its employees as an incentive for their contribution to the Group. The Group has adopted a share option scheme for its employees.

Dividends

The Board recommended the payment of a final dividend of HK$0.05 per share for the year ended 31 December 2010 (2009: nil) to the shareholders whose name appear on the register of members of the Company on 27 April 2011, subject to the approval of shareholders. The final dividend is expected to be paid on or about 20 May 2011. There is no arrangement under which a shareholder has waived or agreed to waive any dividends.

Future Material Investment and Capital Expenditures

Our planned future capital expenditures mainly comprise the capital requirements for the mining operations at the Shirengou-Nantaizi Mining Complex and the Luotuochang Gold Mine as well as the establishment of production facilities at the Fuyuan Gold Mine of Yunnan Gudao, Daping Gold Mine of Jinshi Mining, Yandan-Yantang Mining Complex of Guangxi Jinging and Yuanyi Mining and the 12 other gold mines of Guangxi Jinding. Our planned capital expenditures (including exploration expenditure) for the year ending 31 December 2011, which are expected to be funded by internal resources of the Group and proceeds from the issue of new shares, are as follows:

Name of the Mines	**Expected capital expenditures (including exploration expenditure) For the year ending 31 December 2011** (approximately RMB in million)
Shirengou-Nantaizi Mining Complex	35.0
Luotuochang Gold Mine	18.0
Fuyuan Gold Mine of Yunnan Gudao	117.2
Daping Gold Mine of Jinshi Mining	51.2
Yandan-Yantang Mining Complex of Guangxi Jinding and Yuanyi Mining and the other 12 Gold Mines of Guangxi Jinding	108.3
Total	329.7

Foreign Exchange Risk

The Group has foreign currency transactions which expose the Group to market risk arising from changes in foreign exchange rates. We conduct our operations in the PRC. RMB is our reporting currency and the functional currency of the Company and its principal subsidiaries. All of our revenue and operating costs are denominated in RMB. As domestic metal prices (which are expressed in RMB) move in line with global metal prices (which are typically expressed in US$), the price in RMB we can receive for our concentrates depends on the RMB: US$ exchange rate. The exchange rate of the RMB against US$ and other foreign currencies fluctuates and is affected by, among other things, the policies of the PRC government and changes in the PRC's and international political and economic conditions. We have not entered into any foreign exchange derivative instruments or futures to hedge against any potential fluctuations in the exchange rate of the RMB against US$.

The Group has bank balances that are denominated in foreign currencies. As at 1 January 2010, the Group had loan arrangements which expose the Group to foreign currency exposure on HK$ and US$. There was no such loan arrangements as at 31 December 2010. The Group was mainly exposed to the fluctuation of HK$ and US$. The Group manages and monitors foreign exchange exposure to ensure appropriate measures are implemented in a timely and effective manner. No foreign currency hedge is currently undertaken by the Group. However, management will consider hedging significant foreign currency risk exposure should the need arise.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Lu Tianjun (陸田俊), Chairman and Executive Director, Vice President, Head of the Mining Department, and Production and Environmental Safety Department

Mr. Lu, aged 46, joined us in August 2007. He graduated from Shenyang Gold Professional School (瀋陽黃金專科學校) in geology and mineral exploration. Pursuant to the certificate issued by the Leading Group for Professional Title Reform of the Inner Mongolia Autonomous Region (內蒙古自治區職稱改革領導小組) in June 1994, Mr. Lu is qualified as a project engineer (工程工程師). Between July 1986 and May 2001, he held various positions at the Chifeng Honghuagou mines (赤峰紅花溝金礦), one of the largest state-owned gold mines in the PRC including as leader of technical team, deputy field director (礦區副主任) and field director (礦區主任). In 1991, Mr. Lu published an article entitled Discovery of Mineralization Pattern of No. 81 Vein of the Chifeng Honghuagou Mines and its Effects on Exploration (紅花溝金礦81號脈左型 — 側伏規律的發現及其找礦效果) in a national periodical, and the article was subsequently awarded the Second Award for Outstanding Article in respect of Natural Science in the Chifeng Municipality (赤峰市自然科學優秀論文二等奬). Mr. Lu also held various positions at Chifeng Shirengou Gold Mines Co., Ltd. (赤峰石人溝金礦有限責任公司) ("Shirengou Mining") and its predecessors between May 2001 and August 2007, including as technical consultant and engineer. Since September 2007, Mr. Lu has been a vice president of Chifeng Fuqiao Mining Co., Ltd. (赤峰富僑礦業有限公司) ("Chifeng Fuqiao"), responsible for production.

Mr. Lu is also a director of Chifeng Fuqiao.

Mr. Qiu Haicheng (邱海成), Executive Director and Chief Executive Officer

Mr. Qiu, aged 41, joined us in August 2007. He graduated from Baotou Institute of Steel (包頭鋼鐵學院) in 2000, majoring in mine engineering. Pursuant to the certificate issued by the Chifeng Jianan Professional Technology Training Centre (赤峰建安職業技術培訓中心) on 12 September 2007, Mr. Qiu Haicheng is qualified as an engineer (工程師). Between September 1993 and November 2004, Mr. Qiu held various positions at the Chifeng Honghuagou mines (赤峰紅花溝金礦), one of the largest state-owned gold mines in the PRC, including as mining technician, assistant mine engineer, mine engineer, senior mine engineer and mine production and safety manager. Between November 2004 and August 2007, Mr. Qiu was employed by Balinzuo Banner Materials Products Trading Co., Ltd. (巴林左旗國濤礦產品貿易有限公司) (including its predecessors) as its deputy manager. Mr. Qiu was the special assistant to the chief executive officer of Chifeng Fuqiao from August 2007 to January 2009 and had successfully established a mining safety and environmental protection system for each of our three Gold Mines owned by the Company. He has approximately 17 years of experience in exploration, mining, production, production safety and mining management. In view of Mr. Qiu's extensive experience, he was appointed the Chief Executive Officer of our Company in February 2009.

Mr. Ma Wenxue (馬文學), Executive Director, Vice President, Head of the Ore Processing Department

Mr. Ma, aged 43, joined us in August 2007. He graduated from Shenyang Institute of Gold (瀋陽黃金學院) in July 1988, majoring in ore processing engineering and the University of Liaoning (遼寧大學) with a Bachelor's degree in Economics Law in June 1999 and is qualified as a mine engineer at the intermediate level. Between July 1988 and October 2004, Mr. Ma held various positions at the Chifeng Honghuagou mines (赤峰紅花溝金礦), one of the largest state-owned gold mines in the PRC, including ore processing technician and production scheduling safety officer between July 1988 and July 1990, mainly responsible for ore processing and production. Between July 1990 and August 1993, Mr. Ma was employed as a deputy production manager of Chifeng Honghuagou mines (赤峰紅花溝金礦), mainly responsible for production technology and safety, and management of equipment. He was employed as the processing manager of Chifeng Honghuagou mines (赤峰紅花溝金礦) between August 1993 and October 2004, mainly responsible for overseeing all aspects of the operation of the ore processing facility. Between November 2004 and July 2007, Mr. Ma worked at Kalaqinqi Nantaizixiang Gold Mine (喀喇沁旗南台子鄉金礦) as its chief engineer, mainly responsible for ore processing and management of equipment, scientific planning for the Nantaizi Gold Mine. He was appointed a vice president of Chifeng Fuqiao in August 2007 where he is mainly responsible for ore processing, electrical and mechanical engineering, and quality control.

Mr. Ma has received numerous awards for his achievement in technological advancement. For instance, Mr. Ma was awarded in December 1996 the Third Award in Scientific and Technological Advancement of Metallurgical Industry Department (冶金工業部科學技術進步三等獎) and the First Award in Scientific and Technological Advancement of Chifeng City (赤峰市科學技術進步一等獎), and in February 1997 the Third Award in Scientific and Technological Advancement of Chifeng City (赤峰市科學技術進步三等獎) for his research and invention of an innovative gold recovery technique from wasted coal (從炭漿廠廢炭中回收金的新工藝). In November 2001, he was awarded the Inner Mongolia Autonomous Region Innovation and Achievement Award in Staff and Worker Economic Technology Project Activity (內蒙古自治區職工經濟技術創新工程活動重大創新成果獎) for his research project conducted in relation to the improvement of gold refining techniques.

Mr. Ma is also a director of Chifeng Fuqiao.

Mr. Cui Jie (崔杰), Executive Director and Chief Financial Officer

Mr. Cui, aged 39, joined us in August 2007. He graduated from Inner Mongolia Finance College (內蒙古財經學院) with a Bachelor's degree in industrial accounting. Between July 1992 and September 1997, he held various financial management positions at Inner Mongolia Linxi Beer Factory (內蒙古林西啤酒廠), mainly responsible for auditing. Between September 1997 and October 2004, Mr. Cui held various financial management positions in Finance Bureau of Linxi County (林西縣財務局) and certain financial consultancy companies, mainly responsible for auditing, tax planning, corporate management and providing training to more than a hundred of trainees who graduated from accounting and financial institutions. Between October 2004 and July 2005, Mr. Cui worked as the chief financial officer of Beijing LongTech Huanyu Technology Co., Ltd (北京龍騰環宇科技發展有限公司). He also worked as the general manager of the Beijing branch of Beijing Shuang Bai Financial Accounting Society (雙百(北京)財務軟件開發有限公司) from July 2005 to October 2006, mainly responsible for auditing, tax planning and trademark registration.

Mr. Cui assisted Mr. Wu Ruilin ("Mr. Wu") in founding and establishing Chifeng Fuqiao, and he worked as chief financial officer of Shirengou Mining from December 2006 to August 2007, mainly responsible for accounting management and tax planning. During this period, Mr. Cui also provided financial advice on the future development of Shirengou Mining. Mr. Cui was appointed the chief financial officer of Chifeng Fuqiao in August 2007, responsible for establishing the group's financial management policies and internal control policies, improving the wages system in relation to our technical personnel, implementing the vertical financial management model and providing training to staff of the Company's Financial Department. He has also established an incentive system for the staff of our Financial Department and introduced an electronic accounting and auditing system to our Group.

Mr. Cui is also a director of Chifeng Fuqiao.

Independent Non-Executive Directors

Mr. Mak Kin Kwong (麥建光), Independent non- executive Director

Mr. Mak, aged 49, joined us as a Director in September 2008 and was designated as an independent non-executive Director in January 2009. He graduated from the Department of Accountancy of the Hong Kong Polytechnic University (formerly known as the Hong Kong Polytechnic) in 1985 and is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and the Hong Kong Institute of Certified Public Accountants, and a member of the Institute of Chartered Accountants in England and Wales. Mr. Mak is the founder and managing director of Venfund Investment Management Ltd. in Shenzhen. Prior to that, Mr. Mak was the managing partner of Arthur Andersen Southern China. He serves as an independent director and audit committee chairman of Trina Solar Limited (天合光能有限公司), China GreenTech Corp. Ltd. (國人通信股份有限公司) and China Security & Surveillance Technology, Inc. (中國安防技術有限公司), all listed in the United States. Mr. Mak also serves as an independent non-executive director and audit committee chairman of Huabao International Holdings Ltd. (華寶國際控股有限公司), 361 Degrees International Limited (361度國際有限公司) and Pou Sheng International (Holdings) Limited (寶勝國際(控股)有限公司), all listed in Hong Kong.

Mr. Zhao Enguang (趙恩光), Independent non-executive Director

Mr. Zhao, aged 67, joined us as a Director in April 2008 and was designated as an independent non-executive Director in January 2009. He graduated from Lanzhou University (蘭州大學) with a Bachelor's degree in Operational Research (數力系運籌專業) in 1966. Pursuant to a letter issued by the Leading Group for Professional Title Reform of the Ministry of Metallurgy of the PRC (中華人民共和國冶金工業部職稱改革工作領導小組) on 31 August 1994, Mr. Zhao Enguang is a professor grade engineer.

Mr. Zhao was an assistant to the chief executive and a vice project engineer of the Automation Research and Development Institute of Metallurgical Industry (冶金自動化研究院). He was also a director and the board secretary of Aritime Company Limited (北京金自天正智能控制股份有限公司) from December 1999 to January 2003. Mr. Zhao was the standing deputy secretary general of the Listed Companies Association of Beijing (北京上市公司協會) from January 2004 to November 2010. He is currently a member of the Professional Technology Engineering Appraisal Committee of the China Iron and Steel Association (中國鋼鐵工業協會工程技術專業職務評審委員會).

Mr. Xiao Zuhe (肖祖核), Independent non-executive Director

Mr. Xiao, aged 44, joined us as a Director in April 2008 and was designated as an independent non-executive Director in January 2009. He graduated from the Jiang Xi University of Finance and Economics (江西財經大學) (formerly known as 江西財經學院) with a Bachelor's degree in Economics in 1988 and is qualified as an accountant in the PRC and in Hong Kong. From 1989 to 2001, Mr. Xiao has also undertaken the following postgraduate courses: International Financial Management and Accounting with the Ministry of Finance of PRC (中華人民共和國財政部) in 1989; Training Scheme of Accountants of PRC with the Hong Kong Society of Accountants (香港會計師公會) in 1991; and the Postgraduate Certificate in Professional Accounting with City University of Hong Kong (香港城市大學) in 2001. Mr. Xiao is a member of Hong Kong Institute of Certified Public Accountants. He is also a member of the Institute of Chartered Accountants, in England and Wales and a member of the Chinese Institute of Certified Public Accountants.

Mr. Xiao was an auditor at Jiang Xi Certified Public Accountants (PRC) between 1988 and 1991. In 1991, he worked for Ho and Ho & Company (a firm of accountants based in Hong Kong) as a trainee auditor. In 1993, he returned to Jiang Xi Certified Public Accountants (PRC) as the audit department manager. In 1995, Mr. Xiao joined Shenzhen Fortune (Group) Ltd as assistant chief financial officer. In 1996, Mr. Xiao returned to Ho and Ho & Company as a semi-senior audit clerk. In 1999, Mr. Xiao joined Qiao Xing Universal Telephone, Inc (僑興環球) in Hong Kong as the finance manager. Between 2001 and 2002, Mr. Xiao served as the chief financial officer of Qiao Xing Universal Telephone, Inc (僑興環球). Since 2005 to the present, Mr. Xiao has been the chief executive officer of Benefit Capital Limited.

Mr. Yang Yicheng (楊以誠), Independent non-executive Director

Mr. Yang Yicheng, aged 70, joined us as an independent non-executive Director on 25 June 2009. He obtained a diploma from the Mining Department in Central South Institute of Mining and Smelting (中南礦冶學院採礦系) in China in 1965 and a diploma from the Department of Management in Jilin University (吉林大學管理系) in China in 1987.

Mr. Yang's career in the mining business spans over a period of approximately 50 years and he has experience in the exploration, mining and smelting of gold. From 1969 to 1992, he worked in various positions including those of Deputy Chief and Chief of Mine in Guangxi Longshui Gold Mine (廣西龍水金礦), the largest state-owned gold mine in Guangxi Zhuang Autonomous Region in China at the time, which was highly rated for its technology and its efficiency.

From 1992 to 2000, he was the Deputy Bureau Chief at Guangxi Gold Management Bureau (廣西黃金管理局) in China and held various positions (including the post of Manager) at China Gold Guangxi Company (中國黃金廣西公司) in China.

After his retirement from a government office, from 2000 to 2009 before his appointment by the Company, he worked as a senior consultant and senior engineer at Blackwatch Resources China Limited (廣西金沃礦業勘探開發有限公司), a sino-foreign joint venture in China.

Other Senior Management

Mr. Li Qing (李慶), Deputy Head of the Production and Environmental Safety Department

Mr. Li, aged 41, joined us in August 2007. He graduated from Shenyang Institute of Gold (瀋陽黃金學院) in July 1991 majoring in geological surveying, and graduated from Changchun University of Technology (長春工業大學) in September 2007 majoring in mining engineering. Pursuant to the certificate issued by the Inner Mongolia Department of Personnel (內蒙古自治區人事廳) in August 1999, Mr. Li Qing is qualified as a geodetic engineer (測繪工程工程師).

Between July 1991 and June 1998, Mr. Li held the position of surveyor with the Chifeng Honghuagou mines (赤峰紅花溝金礦), one of the largest state-owned gold mines in the PRC.

Between June 1998 and June 2004, Mr. Li held the position of surveyor with Inner Mongolia Hong Feng Industrial Co., Ltd. (內蒙宏峰實業股份有限公司) (formerly a listed company specializing in nonferrous metals and precious metals). Mr. Li was mainly responsible for the surveying of five major gold and lead mines, monitoring and inspecting data measurement, and surveying and map administration for all the mines. In addition, Mr. Li worked on the planning, statistics gathering and allocation of resources.

Further, he was responsible for the surveying and construction of the principal hauling shaft. Between June 2004 and August 2007, Mr. Li held the position of technical mining director with Shirengou Mining and was responsible for the production technology of the Shirengou Gold Mine.

✦ PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Since August 2007, Mr. Li has held the position of Deputy Head of the Production and Environmental Safety Department with Chifeng Fuqiao. During this period, Mr. Li has been responsible for our Group's surveying and mapping works including the use of advanced surveying and mapping equipment.

Mr. Zhao Guoming (趙國銘), Deputy Head of the Ore Processing Department

Mr. Zhao, aged 45, joined us in August 2007. Mr. Zhao graduated from Shanxi Mining Institute (山西礦業學院) in July 1988 with a major in mining mechanical engineering. Pursuant to the certificate issued by the Leading Group for Professional Title Reform of the Inner Mongolia Autonomous Region (內蒙古自治區職稱改革領導小組) in November 1995, Mr. Zhao Guoming is qualified as a project engineer (工程工程師). Pursuant to the certificate issued by Inner Mongolia Department of Personnel (內蒙古自治區人事廳) in July 2005, Mr. Zhao Guoming is qualified as a mechanical engineer (機械工程師).

Between July 1988 and October 1998, Mr. Zhao held various positions with Inner Mongolia Jintao Co., Ltd. (內蒙古金陶股份有限公司) (one of the largest gold mining companies in Inner Mongolia) including technician, head of the mechanical and electrical department, and manager of machinery and production.

Between November 1998 and March 2003, Mr. Zhao held the position of production manager of Changchun Gold Design Institute (長春黃金設計院) and was responsible for its sub-contracting projects.

Between January 2004 and September 2007, Mr. Zhao held the position of Deputy Head of the ore processing department of Shirengou Mining and was responsible for system design, configuration and management in mine upgrading, transportation, ventilation, drainage and air pressure.

Since October 2007, Mr. Zhao has held the position of Deputy Head of the ore processing department of Chifeng Fuqiao and has been responsible for the overall management of the mechanical and electrical equipment of the mines of our Group.

Mr. Zhao has been awarded numerous technical achievement awards, including Third Prize in National Gold System Equipment Management Knowledge Contest (全國黃金系統設備管理知識競賽三等獎) in 1990.

Mr. Ni Han Wen (倪漢文), Chief Engineer

Mr. Ni Han Wen, Chief Engineer, aged 46, graduated from the Foundation College of Dongbei University (東北大學基礎學院) (formerly Shenyang Gold Institute (原沈陽黃金學院)) in 1988 majoring in geological exploration of mines, and he was awarded a certificate in geological intermediate engineering professional qualification (地質中級工程師專業資格証書) in 1997.

Mr. Ni has over 22 years of experience in the work of mine geology, and has held various technical and technical management positions in a number of companies. Before joining the Company, Mr. Ni worked for nearly three years in a mining company as the chief engineer.

From July 1988 to November 1997, he worked at the Gold Administration Bureau of Chifeng (赤峰市黃金管理局). He was in charge of and responsible for the gold mine geological exploration and planning of the city.

From November 1997 to December 2004, he worked at the project department of Hongfeng Company Limited (內蒙宏峰股份有限公司項目部) in Inner Mongolia. He was mainly engaged in the early stage inspection, and assessment of geological resources and reserves in mine acquisition, and calculation and assessment of geological resources in mine modification or expansion projects and its proof.

From January 2005 to December 2007, he worked as the chief engineer of Keqi Xinyu Mining Company (克旗鑫宇礦業公司).

Since 2008 when Mr. Ni joined the Company, he had been working as a deputy chief engineer in geology, and was responsible for the geological mine exploration and production mine exploration, the verification and calculation of reserves in mines, resources assessment and inspection at the early stage of mine acquisition.

Since 1 January 2011, he has been promoted as the chief engineer.

Ms. Yu Lulu (于璐璐)

Ms. Yu Lulu (于璐璐) is the secretary to the Board and our joint company secretary, responsible for establishing business development strategies together with our Directors and other senior management, liaising with potential investors of our Group and participating in major and strategic decision-making processes. She works for our Company on a full-time basis.

Ms. Yu, aged 32, joined us in October 2005. She assisted Mr. Wu in founding and establishing Chifeng Fuqiao. Ms. Yu received a Master of Science degree in Investment Analysis from the University of Stirling, Scotland on 27 January 2006. She also graduated from the Qing Dao University in the PRC and the University of Massey, New Zealand with a Bachelor of Arts and a Graduate Diploma in July 2001 and November 2003, respectively.

From November 2005 to August 2006, Ms. Yu was the managing director of the investment department of Qiao Xing Group Limited, a company controlled by Mr. Wu. From September 2006 to March 2007, she was the board secretary to Qiao Xing Mobile Communications Co., Ltd., a company listed on the New York Stock Exchange, and she was the coordinator of the initial public offering process for that company. Since April 2007 and until our listing on the Stock Exchange, she was also a personal assistant to Mr. Wu in Qiao Xing Group Limited.

Mr. Leung Wai Chiu, Albert (梁偉昭)

Mr. Leung Wai Chiu, Albert (梁偉昭) is our joint company secretary. He has been working for our Company on a full-time basis since he joined us in April 2009.

Mr. Leung graduated from Hong Kong Polytechnic (now known as Hong Kong Polytechnic University) with a Higher Diploma in Accountancy, and from L'Ecole des Hautes Etudes Commerciales, France with a Diplome des Hautes Etudes Commerciales (Master of Science in Management).

Mr. Leung, aged 53, is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. He has over 20 years of experience in accounting and finance. Prior to joining the Company, he was the chief financial officer of a PRC business quoted on the Over-The-Counter Bulletin Board in the United States and he had also been the chief financial officer of a NASDAQ-listed PRC manufacturer and distributor of fixed and mobile telephone sets for more than 4 years.

The Board hereby presents its report and the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the Group) for the year ended 31 December 2010.

Principal Activities

The Company acts as an investment holding company. Particulars of the principal activities of its principal subsidiaries are set out in note 33 to the consolidated financial statements.

Results

The results of the Group for the year ended 31 December 2010 are set out in the consolidated statement of comprehensive income on page 39 of this annual report.

Property, Plant and Equipment

Details of the movements during the year in the Group's property, plant and equipment are set out in note 15 to the consolidated financial statements.

Share Capital

Details of the movements during the year in the issued share capital of the Company are set out in note 24 to the consolidated financial statements.

Distributable Reserves of the Company and Declaration Of Dividend

As at 31 December 2010, the Company's reserves available for distribution to shareholders were as follows:

	2010 HK$'000	2009 HK$'000
Share premium	2,847,207	1,317,829
Accumulated losses	(104,414)	(59,074)
	2,742,793	1,258,755

Under the Companies Law of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the date on which any dividend is proposed to be distributed, the Company will be able to pay its debts as they fall due in the ordinary course of business.

The Directors now recommend the payment of a final dividend of HK$0.05 per share to the shareholders on the register of members on 27 April 2011, to be paid out of the share premium account.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five years are set out on page 76 of this annual report.

Major Customers and Suppliers

For the years ended 31 December 2010 and 2009, sales to the Group's five largest customers, in aggregate represented 100% and 100% of the Group's total sales, respectively. For the years ended 31 December 2010 and 2009, sales to the single largest customer amounted to approximately 48.6% and 37.4% of our total sales, respectively.

For the years ended 31 December 2010 and 2009, our purchases of raw materials and auxiliary materials from our five largest suppliers accounted for approximately 97.3% and 72.4%, respectively, of the Group's total purchases. For the years ended 31 December 2010 and 2009, purchases from the single largest supplier amounted to approximately 48.9% and 25% of our total purchases, respectively.

For the year ended 31 December 2010, none of the Directors or any of their associates or any shareholders who, to the knowledge of our Directors, owns more than 5% of the Company's issued share capital, had any interest in our five largest suppliers or customers.

Directors

The Directors during the year and up to the date of this annual report are as follows:

Executive Directors

Mr. Lu Tianjun	(appointed on 25 August 2008 and designated as an executive Director on 30 January 2009)
Mr. Qiu Haicheng	(appointed and designated as an executive Director on 2 February 2009)
Mr. Ma Wenxue	(appointed on 13 March 2008 and designated as an executive Director on 30 January 2009)
Mr. Cui Jie	(appointed on 13 March 2008 and designated as an executive Director on 30 January 2009)

Independent non-executive Directors

Mr. Mak Kin Kwong	(appointed on 19 September 2008 and designated as an independent non-executive Director on 30 January 2009)
Mr. Zhao Enguang	(appointed on 30 April 2008 and designated as an independent non-executive Director on 30 January 2009)
Mr. Xiao Zuhe	(appointed on 30 April 2008 and designated as an independent non-executive Director on 30 January 2009)
Mr. Yang Yicheng	(appointed and designated as an independent non-executive Director on 25 June 2009)

Pursuant to Article 84 of the Company's articles of association, Mr. Mak Kin Kwong, Mr. Zhao Enguang and Mr. Xiao Zuhe will retire by rotation from their office at the forthcoming annual general meeting and, being eligible, shall offer themselves for re-election.

Directors' Service Contracts

Each of our existing executive Directors (other than Mr. Qiu Haicheng) has entered into a service agreement with the Company for an initial fixed term of three years commencing on 30 January 2009. Mr. Qiu Haicheng has entered into a service agreement with the Company for an initial fixed term of three years commencing on 2 February 2009.

Each of our independent non-executive Directors (other than Mr. Yang Yicheng) has been appointed by the Company for an initial fixed term of two years commencing on 30 January 2009. Their service contracts had been renewed for another two years upon their expiration on 30 January 2011. Mr. Yang Yicheng has been appointed by the Company for an initial fixed term of two years commencing on 25 June 2009.

Remuneration of the Directors

The remuneration of each Director is determined by the members of the nomination and remuneration committee with reference to the duties, responsibilities, performance of the Directors and the results of the Group.

Details of the remuneration of the Directors are set out in note 9 to the consolidated financial statements of this annual report.

Emoluments Policy

The Group's emolument policies are formulated on the performance of individual employee and on the basis of the salary trends in Hong Kong and the PRC, and will be reviewed regularly. Subject to the Group's profitability, the Group may also distribute discretionary bonus to its employees as an incentive for their contribution to the Group. The Group has adopted a share option scheme for its employees.

Retirement Benefit Schemes

The Group participates in a state-managed defined contribution retirement scheme organised by the relevant local government authority in the PRC. Certain employees of the Group eligible to participate in the retirement scheme are entitled to retirement benefits from the scheme. The local government authority is responsible for the pension liabilities to these retired employees. The Group is required to make monthly contributions to the retirement scheme up to the time of retirement of the eligible employees, at 20% of the local standard basic salaries.

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the plans are held separately from those of the Group in funds under the control of trustee.

Independence of Independent Non-Executive Directors

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company considers all of the independent non-executive Directors are independent in accordance with Rule 3.13.

Directors' and Chief Executive's Interests and Short Position in Shares, Underlying Shares or Debentures of the Company or Its Associated Corporations

As at 31 December 2010, the Directors and chief executive of the Company had the following interests and short positions 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 (Cap. 571 of the Laws of Hong Kong) (the "SFO"), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they 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 Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"):

Long positions in share options

Name	Capacity	Number of options held	Number of underlying shares	Percentage of the issued share capital of the Company
Lu Tianjun *(Director)*	Beneficial owner	1,320,000	1,320,000	0.15%
Ma Wenxue *(Director)*	Beneficial owner	1,320,000	1,320,000	0.15%
Qiu Haicheng *(Director and Chief Executive Officer)*	Beneficial owner	1,320,000	1,320,000	0.15%
Cui Jie *(Director)*	Beneficial owner	1,320,000	1,320,000	0.15%

Other than as disclosed above, as at 31 December 2010, so far as known to any Directors or chief executive of the Company, neither the Directors nor the chief executive, had any interests or 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 SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into in the register that was required to be kept under Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Options

The Company has adopted a share option scheme on 30 January 2009 (the "Share Option Scheme"). The following is a summary of the principal terms of the Share Option Scheme:

(a) Purpose

The purpose of the Share Option Scheme is to enable us to grant options to selected participants as incentives or rewards for their contribution to our Company.

(b) Who may join

Our Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for shares at a price calculated in accordance with subparagraph (f) below:

(i) any employee or proposed employee (whether full-time or part-time and including any executive Director), consultants or advisers of or to our Company, any of our subsidiaries or any entity ("Invested Entity") in which our Group holds an equity interest;

(ii) any non-executive Directors (including independent non-executive Directors) of our Company, any of our subsidiaries or any Invested Entity;

(iii) any supplier of goods or services to our Group or any Invested Entity;

(iv) any customer of our Group or any Invested Entity;

(v) any person or entity that provides research, development or other technological support to our Group or any Invested Entity; and

(vi) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity,

and for the purposes of the Share Option Scheme, the options may be granted to any company wholly-owned by one or more persons belonging to any of the above classes of participants. For the avoidance of doubt, the grant of any options by us for the subscription of shares or other securities of our Group to any person who falls within any of the above classes of participants shall not, by itself, unless our Directors otherwise determine, be construed as a grant of option under the Share Option Scheme.

The basis of eligibility of any of the above classes of participants to the grant of any options shall be determined by our Directors from time to time on the basis of the participants' contribution to the development and growth of our Group.

(c) Maximum number of shares

(i) The maximum number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Group must not in aggregate exceed 30% of our issued share capital from time to time. No options may be granted under any schemes of our Company or the subsidiary of our Company if such grant will result in the maximum number being exceeded.

(ii) The total number of shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme) to be granted under the Share Option Scheme and any other share option schemes of our Group must not in aggregate exceed 66,000,000 shares, being 10% of the total number of shares in issue at the time dealings in our shares first commence on the Stock Exchange ("General Mandate Limit").

(d) Maximum entitlement of each participant and connected persons

(i) Unless approved by our shareholders in general meeting, the total number of shares issued and to be issued upon exercise of all outstanding options granted under the Share Option Scheme and any other share option schemes of our Group (including both exercised and outstanding options) to each participant in any 12-month period must not exceed 1% of the shares in issue ("Individual Limit").

(ii) Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to our shareholders in compliance with the Note to Rule 17.03(4) and Rule 17.06 of the Listing Rules and/or such other requirements as prescribed in the Listing Rules and the separate approval of our shareholders in general meeting with such participant and his associates abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before our shareholders' meeting and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under Note (1) to Rule 17.03(9) of the Listing Rules.

(iii) In addition to the shareholders' approval set out in Note (1) to Rule 17.03(3) and Note to Rule 17.03(4) of the Listing Rules, each grant of options to a Director, chief executive or substantial shareholder of our Company or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options).

(iv) Where any grant of options to a substantial shareholder or an independent non-executive Director or any of their respective associates would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, canceled and outstanding) under the Share Option Scheme or any other share option schemes of our Group to such person in the 12-month period up to and including the date of such grant:

(a) representing in aggregate more than 0.1% of the shares in issue; and

(b) having an aggregate value, based on the closing price of our shares at the date of each grant, in excess of HK$5 million,

such further grant of options must be approved by our shareholders in general meetings in which all connected persons (as defined in the Listing Rules) of the Company must obtain from voting in favour at such general meeting.

(e) Minimum period of holding an option and performance target

Our Directors may, at their absolute discretion, fix any minimum period for which an option must be held, any performance targets that must be achieved and any other conditions that must be fulfilled before the options can be exercised upon the grant of an option to a participant.

(f) Subscription price for Shares

The subscription price of a share in respect of any option granted under the Share Option Scheme shall be such price as our Board in its absolute discretion shall determine, provided that such price shall not be less than the highest of (i) the nominal value of our shares, (ii) the average closing price of our shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant of the option and (iii) the closing price of our shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option (which must be a business day). A consideration of HK$1.00 is payable on acceptance of the offer of the grant of an option.

(g) Rights are personal to grantee

An option granted under the Share Option Scheme shall not be transferable or assignable and is personal to the grantee.

(h) Time of exercise of option

An option may be accepted by a participant within 28 days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period may commence on a day upon which the offer for the grant of the option is accepted but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof.

(i) Ranking of Shares

The shares to be allotted upon the exercise of an option will be subject to all the provisions of our memorandum of association and the articles of association for the time being in force and will rank pari passu in all respects with the then existing fully paid shares in issue on the date of exercise of the option and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of exercise of the option other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with reference to a record date falling before the date of exercise of the option. A share allotted and issued upon the exercise of an option shall not carry voting rights until the name of the grantee of such option has been duly entered on our register of members or the holder thereof.

(j) Period of the Share Option Scheme

Unless terminated by us by resolution in general meeting, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on 23 February 2009, the date on which shares of the Company were first listed on the Stock Exchange.

(k) Present status of the Share Option Scheme

The following table discloses details of movements of the Company's share options held by our Directors and our chief executive officer and our employees during the year ended 31 December 2010:

					Number of share options					
Grantee	**Date of grant**	**Vesting period**	**Exercisable period**	**Exercise price per share** HK$	**Outstanding at 1.1.2010**	**Granted during the year**	**Cancelled during the year**	**Lapsed during the year**	**Exercised during the year**	**Outstanding at 31.12.2010**
Wang Zhentian *(Former Director)*	12.3.2009	Immediate	12.3.2009–11.3.2014	6.25	—	—	—	—	—	—
		12.3.2009–11.3.2010	12.3.2010–11.3.2014	6.25	—	—	—	—	—	—
		12.3.2009–11.3.2011	12.3.2011–11.3.2014	6.25	—	—	—	—	—	—
		12.3.2009–11.3.2012	12.3.2012–11.3.2014	6.25	—	—	—	—	—	—
		12.3.2009–11.3.2013	12.3.2013–11.3.2014	6.25	—	—	—	—	—	—
Lu Tianjun *(Director)*	12.3.2009	Immediate	12.3.2009–11.3.2014	6.25	—	—	—	—	—	—
		12.3.2009–11.3.2010	12.3.2010–11.3.2014	6.25	330,000	—	—	—	—	330,000
		12.3.2009–11.3.2011	12.3.2011–11.3.2014	6.25	330,000	—	—	—	—	330,000
		12.3.2009–11.3.2012	12.3.2012–11.3.2014	6.25	330,000	—	—	—	—	330,000
		12.3.2009–11.3.2013	12.3.2013–11.3.2014	6.25	330,000	—	—	—	—	330,000
Ma Wenxue *(Director)*	12.3.2009	Immediate	12.3.2009–11.3.2014	6.25	—	—	—	—	—	—
		12.3.2009–11.3.2010	12.3.2010–11.3.2014	6.25	330,000	—	—	—	—	330,000
		12.3.2009–11.3.2011	12.3.2011–11.3.2014	6.25	330,000	—	—	—	—	330,000
		12.3.2009–11.3.2012	12.3.2012–11.3.2014	6.25	330,000	—	—	—	—	330,000
		12.3.2009–11.3.2013	12.3.2013–11.3.2014	6.25	330,000	—	—	—	—	330,000
Qiu Haicheng *(Director and Chief Executive Officer)*	12.3.2009	Immediate	12.3.2009–11.3.2014	6.25	—	—	—	—	—	—
		12.3.2009–11.3.2010	12.3.2010–11.3.2014	6.25	330,000	—	—	—	—	330,000
		12.3.2009–11.3.2011	12.3.2011–11.3.2014	6.25	330,000	—	—	—	—	330,000
		12.3.2009–11.3.2012	12.3.2012–11.3.2014	6.25	330,000	—	—	—	—	330,000
		12.3.2009–11.3.2013	12.3.2013–11.3.2014	6.25	330,000	—	—	—	—	330,000
Cui Jie *(Director)*	12.3.2009	Immediate	12.3.2009–11.3.2014	6.25	—	—	—	—	—	—
		12.3.2009–11.3.2010	12.3.2010–11.3.2014	6.25	330,000	—	—	—	—	330,000
		12.3.2009–11.3.2011	12.3.2011–11.3.2014	6.25	330,000	—	—	—	—	330,000
		12.3.2009–11.3.2012	12.3.2012–11.3.2014	6.25	330,000	—	—	—	—	330,000
		12.3.2009–11.3.2013	12.3.2013–11.3.2014	6.25	330,000	—	—	—	—	330,000
Employees (in aggregate)	12.3.2009	Immediate	12.3.2009–11.3.2014	6.25	—	—	—	—	—	—
		12.3.2009–11.3.2010	12.3.2010–11.3.2014	6.25	2,310,000	—	—	—	(2,310,000)	—
		12.3.2009–11.3.2011	12.3.2011–11.3.2014	6.25	2,310,000	—	—	—	—	2,310,000
		12.3.2009–11.3.2012	12.3.2012–11.3.2014	6.25	2,310,000	—	—	—	—	2,310,000
		12.3.2009–11.3.2013	12.3.2013–11.3.2014	6.25	2,310,000	—	—	—	—	2,310,000
Total					14,520,000	—	—	—	(2,310,000)	12,210,000

The closing price of the Company's shares immediately before 30 September 2010, the date on which the share options were exercised, was HK$13.48.

Rights to Purchase Shares or Debentures of Directors and Chief Executives

Other than the option holdings disclosed above, at no time during the year had the Company or any of its subsidiaries, holding companies or any fellow subsidiaries entered into any arrangement which enables the existing Directors or chief executive to have the right to acquire benefits by means of acquisition of shares or debentures in the Company or any other legal entities.

Substantial Shareholders, and Other Person's Interests and Short Positions in Shares and Underlying Shares of the Company

As at 31 December 2010, so far as known to any Director or chief executive of the Company, shareholders (other than a Director or chief executive of the Company) who had an interest 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 were as follows:

Long and short positions in ordinary shares of HK$1 each of the Company

(including equity derivative interests)

Name of shareholder	Capacity	Long position number of ordinary shares	Long position percentage of the issued share capital of the Company	Short position number of ordinary shares	Short position percentage of the issued share capital of the Company
Lead Honest Management Limited (Note i)	Beneficial owner	479,376,000	52.83%	234,376,000	25.83%
Tercel Holdings Limited (Note i)	Interest of controlled corporation	479,376,000	52.83%	234,376,000	25.83%
Credit Suisse Trust Limited (Note i)	Trustee	479,376,000	52.83%	234,376,000	25.83%
Wu Ruilin (Note i)	Founder of a discretionary trust	479,376,000	52.83%	234,376,000	25.83%
Citigroup Inc. (Note ii and iii)	Interest of controlled corporation	112,803,978	12.43%	110,143,809	12.14%
	Custodian corporation/approved lending agent	236,062,223	26.02%	N/A	N/A
	Person having a security interest in shares	374,500	0.05%	N/A	N/A

Equity derivative interests in ordinary shares of HK$1 each of the Company

(included in long and short positions)

Name of shareholder	Long position number of ordinary shares	Long position percentage of the issued share capital of the Company	Short position number of ordinary shares	Short position percentage of the issued share capital of the Company
Lead Honest Management Limited (Note i)	105,000,000	11.57%	107,408,809	11.84%
Tercel Holdings Limited (Note i)	105,000,000	11.57%	107,408,809	11.84%
Credit Suisse Trust Limited (Note i)	105,000,000	11.57%	107,408,809	11.84%
Wu Ruilin (Note i)	105,000,000	11.57%	107,408,809	11.84%
Citigroup Inc. (Note ii and iii)	108,089,809	11.92%	105,681,000	11.65%

Notes:

(i) As at 31 December 2010, Lead Honest Management Limited was 100% controlled by Tercel Holdings Limited, which in turn was ultimately controlled by Credit Suisse Trust Limited. Credit Suisse Trust Limited was a trustee of Tercel Trust, of which Mr. Wu Ruilin was the founder.

(ii) There was also a lending pool of 1,686,223 shares, representing 0.19% of the issued share capital of the Company.

(iii) Citigroup Inc.'s interests were held via the following companies controlled by Citigroup Inc.:

Citigroup Global Markets Financial Products LLC was interested in a long position of 109,817,618 shares of the Company and a short position of 2,408,809 shares of the Company. Citigroup Global Markets Financial Products LLC was controlled by Citigroup Global Markets Holdings GmbH which was in turn controlled by Citigroup Global Markets (International) Finance AG and Salomon Brothers Pacific Holding Company Inc.; both Citigroup Global Markets (International) Finance AG and Salomon Brothers Pacific Holding Company Inc. were controlled by Citigroup Financial Products Inc.; Citigroup Financial Products Inc. was controlled by Citigroup Global Markets Holdings Inc. which was in turn controlled by Citigroup Inc.

Citigroup Global Markets Ltd was interested in a long position of 2,041,260 shares of the Company and a short position of 107,054,000 shares of the Company. Citigroup Global Markets Ltd was controlled by Citigroup Global Markets Europe Ltd which was controlled by Citigroup Global Markets LLC and Citigroup Global Markets (International) Finance AG; both Citigroup Global Markets LLC and Citigroup Global Markets (International) Finance AG were in turn controlled by Citigroup Financial Products Inc.; Citigroup Financial Products Inc. was controlled by Citigroup Global Markets Holdings Inc. which was in turn controlled by Citigroup Inc.

Citigroup Global Markets Holdings GmbH, which was controlled by Citigroup Global Markets (International) Finance AG and Salomon Brothers Pacific Holding Company Inc., was deemed to be interested in a long position of 109,817,618 shares of the Company and a short position of 2,408,809 shares of the Company.

Citigroup Global Markets Europe Ltd. was deemed to be interested in a long position of 2,041,260 shares of the Company and a short position of 107,054,000 shares of the Company.

Salomon Brothers Pacific Holding Company Inc. was deemed to be interest in a long position of 109,817,618 shares of the Company and a short position of 2,408,809 shares of the Company.

Citigroup Global Markets (International) Finance AG was deemed to be interested in a long position of 111,858,878 shares of the Company and a short position of 109,462,809 shares of the Company.

Citigroup Global Markets Inc. was deemed to be interested in a long position of 638,600 shares of the Company. Citigroup Global Markets Inc. was controlled by Citigroup Financial Products Inc.; Citigroup Financial Products Inc. was controlled by Citigroup Global Markets Holdings Inc. which was in turn controlled by Citigroup Inc.

Citigroup Global Markets LLC was deemed to be interested in a long position of 2,041,260 shares of the Company and a short position of 107,054,000 shares of the Company.

Citigroup Financial Products Inc. was deemed to be interested in a long position of 112,497,478 shares of the Company and a short position of 109,462,809 shares of the Company.

Citigroup Global Markets Holdings Inc. was deemed to be interested in a long position of 112,497,478 shares of the Company and a short position of 109,462,809 shares of the Company.

Citibank N.A. was interested in a long position of 236,743,223 shares of the Company and a short position of 681,000 shares of the Company. Citibank N.A. was controlled by Citicorp Holdings Inc. which was in turn controlled by Citigroup Inc.

Citicorp Holdings Inc. was deemed to be interested in a long position of 236,743,223 shares of the Company and a short position of 681,000 shares of the Company.

Other than as disclosed above, as at 31 December 2010, the Company has not been notified by any person (other than the Directors or chief executive 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.

Management Contracts

Other than the service contracts of the Directors, the Company has not entered into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Company during the year.

Contracts of Significance

No contracts of significance in relation to the business of the Group, to which the Company, its holding companies, its subsidiaries or fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

No contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries subsisted at the end of year or at any time during the year.

Other than the placing and subscription agreement dated 24 June 2010 entered into between the Company, Lead Honest, Mr. Wu Ruilin and placing agents disclosed in the section headed "ISSUE OF EQUITY SECURITIES" in this Directors' Report, no contracts of significance between the Company or any of its subsidiaries and a controlling shareholder of the Company or any of it subsidiaries subsisted at the end of the year or at any time during the year.

Directors' Interests in Competing Business

So far as the Directors were aware, none of the Directors or their associates had any interest in a business that competes or may compete with the business of the Group.

Audit and Risk Management Committee

The Company has established an Audit and Risk Management Committee for the purposes of reviewing and providing supervision over the Company's financial reporting process and internal controls. The Audit and Risk Management Committee presently comprises three independent non-executive directors of the Company namely Mr. Mak Kin Kwong (Chairman), Mr. Xiao Zuhe and Mr. Zhao Enguang. The Audit and Risk Management Committee has reviewed the audited final results for the year ended 31 December 2010.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association or the Companies Law of the Cayman Islands where the Company is incorporated.

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct for dealing in securities of the Company by the directors. Having made specific enquiry to all the directors of the Company, the Board confirmed that they have complied with the required standard of dealings as set out in the Model Code.

Code of Corporate Governance Practice

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Listing Rules as its own code of corporate governance. For the year ended 31 December 2010 the Company complied with all the applicable code provisions as set out in the Code.

For details of the Corporate Governance Report, please refer to pages 33 to 37 of this annual report.

Pledge of Shares by Controlling Shareholder

As at 31 December 2010, 140,000,000 shares of the Company (representing approximately 15.43% of the issued share capital of the Company) held by Lead Honest Management Limited ("Lead Honest"), a controlling shareholder of the Company, were pledged as security for the payment obligations and performance of the obligations under exchangeable bonds of an aggregate principal amount of HK$1,164,000,000 issued by Lead Honest.

Issue of Equity Securities

On 4 June 2010, the Company issued 36,526,213 ordinary shares at a price of HK$12.67 per share, totalling HK$462,787,000 (equivalent to approximately RMB406,800,000) to independent third parties as part consideration of the acquisition of Yuanyi Mining, a subsidiary of the Company as at the year end date.

On 24 June 2010, the Company entered into a placing and subscription agreement with Lead Honest, Mr. Wu Ruilin and an independent placing agent in connection with the placing of 100,000,000 existing ordinary shares of the Company of HK$1 each held by Lead Honest at a placing price of HK$12.15 per share (the "Placing") and the subscription of 100,000,000 new ordinary shares in the Company by Lead Honest, at a subscription price of HK$12.15 per share (the "Subscription"). The closing price of Company's shares on 23 June 2010, being the last trading day before the terms of the issue were fixed, was HK$13.28. The Placing and the Subscription were completed on 29 June 2010 and 7 July 2010, respectively, resulting in a net proceeds from the Subscription of approximately HK$1,186,369,000 (equivalent to approximately RMB1,032,225,000), at a net price of HK$11.86 per share. The proceeds from the Subscription is intended to be used for the Company's potential future acquisitions and developments of mining and exploration projects. The proceeds from the Subscription remained intact as at 31 December 2010.

On 30 September 2010, the Company issued 2,310,000 ordinary shares for cash at a price of HK$6.25 per share, totalling HK$14,437,500 (equivalent to approximately RMB12,477,000), as a result of the exercise of the Company's share options by our employees.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2010.

Use of Net Proceeds from the Company's Initial Public Offering

The Company was listed on the Main Board of the Stock Exchange on 23 February 2009. The net proceeds from the Company's issue of new shares (after deducting expenses relating specifically to the issue of new shares in the IPO and expenses relating generally to the listing of all the shares of the Company, whether existing or new) amounted to approximately HK$569.3 million (equivalent to approximately RMB501.7 million), which is slightly more than the estimate of HK$565.2 million as stated in the announcement of the IPO Allotment Results dated 20 February 2009.

As at 31 December 2010, the net proceeds of IPO had been utilized in the following manner:

	Planned amount per Prospectus HK$ million	**Planned amount for actual net IPO proceeds 2009** HK$ million	**Amount utilized up to 31 December 2009** HK$ million	**Amount utilized in the year ended 31 December 2010** HK$ million	**Amount utilized up to 31 December 2010** HK$ million	**Balance as at 31 December 2010** HK$ million
Future acquisitions of gold resources in						
— Inner Mongolia	20.9	25.4	—	(25.4)	(25.4)	—
— Other regions	158.8	192.7	—	(192.7)	(192.7)	—
Expanding exploration activities						
— Exploration activities	72.3	87.7	—	—	—	87.7
— Facilitating actual production	35.6	43.2	—	—	—	43.2
Capital expenditures at existing Gold Mines	170.3	206.6	—	—	—	206.6
General corporate purpose	11.3	13.7	(12.1)	(1.6)	(13.7)	—
	469.2	569.3	(12.1)	(219.7)	(231.8)	337.5

In 25 February 2011, the Board has resolved to change the proposed use of part of the unutilised net proceeds of the IPO originally allocated for expanding exploration activities and capital expenditure at existing gold mines to future acquisitions of gold resources as follows:

	Original allocation (HK$ million)	**Revised allocation** (HK$ million)
Future acquisitions of gold resources in		
• Inner Mongolia	—	—
• Other regions	—	337.5
Expanding exploration activities		
• Exploration activities	87.7	—
• Facilitating actual production	43.2	—
Capital expenditure at existing gold mines	206.6	—
General corporate purpose	—	—
	337.5	337.5

The unutilised balance is placed in short-term bank deposits in accounts at commercial banks in the PRC and in Hong Kong. The Group intends to utilise the net proceeds balance in the manner and proportion as set out above.

Sufficiency of Public Float

Based on the publicly available information and to the best of the Directors' knowledge, information and belief, the Company has maintained a sufficient public float throughout the year ended 31 December 2010.

Auditors

The Company has appointed Messrs. Deloitte Touche Tohmatsu as auditors of the Company for the year ended 31 December 2010. Messrs. Deloitte Touche Tohmatsu retired and, being eligible, offer themselves for re-appointment. A resolution will be proposed for approval by shareholders at the forthcoming annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

Closure of the Register of Members

The register of members will be closed by the Company from Thursday, 21 April 2011 to Wednesday, 27 April 2011, both days inclusive. During such period, no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend and entitlement to attend the forthcoming annual general meeting of the Company, all completed transfer forms accomplished by the relevant shares certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 20 April 2011.

On behalf of the Board
Lu Tianjun
Chairman

10 March 2011

✦ CORPORATE GOVERNANCE REPORT

Corporate Governance Practices

The Company has adopted the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") as its own code of corporate governance. The Company has complied with the code provisions under the CG Code throughout the year ended 31 December 2010 and for the subsequent period up to 10 March 2011, the date of this annual report (together, the "Review Period").

The Directors are committed to upholding the corporate governance of the Company to ensure that formal and transparent procedures are in place to protect and maximise the interests of the shareholders.

Set out below is detailed discussion of the corporate governance practices adopted and observed by the Company throughout the Review Period.

A. Directors' Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own securities dealing code for the Directors. Having made specific enquiry of all Directors, the Board confirmed that they had complied with the required standard set out in the Model Code throughout the Review Period.

B. Board of Directors

(i) Board Composition

The Board currently comprises a combination of executive Directors and independent non-executive Directors. As at the date of this annual report, the Board consisted of the following Directors:

Executive Directors
Mr. LU Tianjun *(Chairman)*
Mr. QIU Haicheng *(Chief Executive Officer)*
Mr. MA Wenxue *(Vice Chairman)*
Mr. CUI Jie *(Chief Financial Officer)*

Independent Non-executive Directors
Mr. MAK Kin Kwong
Mr. ZHAO Enguang
Mr. XIAO Zuhe
Mr. YANG Yicheng

The executive Directors, with the assistance from the senior management, form the core management team of the Company. The executive Directors have the overall responsibility for formulating the business strategies and development plan of the Group and the senior management are responsible for supervising and executing the plans of the Company and its subsidiaries (together, the "Group").

(ii) *Board Functions and Duties*

The principal functions and duties conferred on our Board include:

- convening general meetings and reporting our Board's work at general meetings;
- implementing the resolutions passed by our shareholders at general meetings;
- deciding our business plans and investment plans;
- preparing our annual financial budgets and final reports;
- formulating the proposals for profit distributions, recovery of losses and for the increase or reduction of our registered capital; and
- exercising other powers, functions and duties conferred by our shareholders at general meetings.

(iii) *Board Meetings*

During the year ended 31 December 2010, there were seven board meetings held.

Prior notices convening the Board meetings were despatched to the Directors setting out the matters to be discussed. At the meetings, the Directors were provided with the relevant documents to be discussed and approved. The joint company secretaries of the Company are responsible for keeping minutes for the Board meetings.

At the meeting on 5 March 2010, the Directors approved, among other things, the annual financial results of the Group for the year ended 31 December 2009; at the meeting on 27 August 2010, the Directors approved, among other things, the interim financial results of the Group for the six months ended 30 June 2010; at the meetings on 7 May 2010 and 9 November 2010, the Directors approved, among other things, the financial results of the Group for the three months ended 31 March 2010 and for the nine months ended 30 September 2010 respectively.

(iv) *Attendance Record*

The following is the attendance record of the Board meetings held by the Board during the year ended 31 December 2010:

	Attendance at meetings
Executive Directors	
Mr. LU Tianjun *(Chairman)*	7/7
Mr. QIU Haicheng *(Chief Executive Officer)*	7/7
Mr. MA Wenxue *(Vice Chairman)*	7/7
Mr. CUI Jie *(Chief Financial Officer)*	7/7
Independent Non-executive Directors	
Mr. MAK Kin Kwong	6/7
Mr. ZHAO Enguang	7/7
Mr. XIAO Zuhe	6/7
Mr. YANG Yicheng	7/7

(v) Independent Non-Executive Directors

In compliance with Rule 3.10(1) of the Listing Rules, the Company has appointed four independent non-executive Directors. The Board considers that all independent non-executive Directors have appropriate and sufficient industry or finance experience and qualifications to carry out their duties so as to protect the interests of shareholders of the Company. Two of the independent non-executive Directors, Mr. MAK Kin Kwong and Mr. XIAO Zuhe, have over 20 years in the accounting, banking and finance sectors. Mr. MAK is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and the Hong Kong Institute of Certified Public Accountants, and a member of the Institute of Chartered Accountants in England and Wales. Mr. XIAO is a member of the Hong Kong Institute of Certified Public Accountants and also a member of the Institute of Chartered Accountants, in England and Wales and a member of the Chinese Institute of Certified Public Accountants.

Prior to their respective appointment, each of the independent non-executive Directors has submitted a written statement to the Stock Exchange confirming their independence and has undertaken to inform the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect their independence. The Company has also received a written confirmation from each of the independent non-executive Directors in respect of their independence. The Board considers that all independent non-executive Directors are being considered to be independent by reference to the factors stated in the Listing Rules.

C. Chairman and Chief Executive Officer

The roles of the Company's chairman and the chief executive officer are segregated. Mr. LU Tianjun is the chairman of the Board who is chiefly responsible for managing the Board, while Mr. QIU Haicheng is the chief executive officer of the Company who takes charge of the supervision of the execution of the policies determined by the Board. The chairman also chairs the Board meetings and briefs the Board members on the issues discussed at the Board meetings.

D. Independent Non-Executive Directors

Mr. MAK Kin Kwong, Mr. ZHAO Enguang and Mr. XIAO Zuhe have been appointed for a fixed term of two years commencing from 30 January 2009. Their service contracts have been renewed with the same terms for another two years upon their expiry on 30 January 2011 upon recommendation by the Nomination and Remuneration Committee. Mr. YANG Yicheng has been appointed for a fixed term of two years commencing from 25 June 2009.

The independent non-executive Directors have attended the Board meetings held during the year ended 31 December 2010 and provided independent judgment on the issues discussed.

E. Nomination and Remuneration of Directors

The Company established a nomination and remuneration committee on 30 January 2009 with written terms of reference in compliance with the CG Code. The nomination and remuneration committee comprises Mr. XIAO Zuhe, Mr. ZHAO Enguang and Mr YANG Yicheng. Mr. XIAO Zuhe is the chairman of the nomination and remuneration committee. The primary duties of the nomination and remuneration committee are to review and determine the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management, and to identify suitable individuals to become members of the Board and advise on the selection of individuals nominated for directorships. The nomination and remuneration committee selects and recommends candidates for directorship having regard to the balance of skills and experience appropriate to the Company's business. It is the Company's policy that the remuneration package of each Director and senior management shall be determined by reference to, inter alia, their duties, responsibilities, experience and qualifications.

The nomination and remuneration committee has held two meetings during the year ended 31 December 2010. At these meetings, the nomination and remuneration committee reviewed the principles of the remuneration structure, the policy and the levels of remuneration paid to the Company's executive Directors and senior management, with reference to market remuneration levels of comparable listed companies.

According to the articles of association of the Company, at each annual general meeting one-third of the Directors are subject to retirement by rotation or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from the office and shall be eligible for re-election. The Directors to be retired by rotation shall be those who have been longest in office since their last appointment or re-election. Every Director shall be subject to retirement at an annual general meeting at least once every three years.

The following is the attendance record of the committee meetings held by the nomination and remuneration committee during the year ended 31 December 2010.

	Attendance at meetings
Mr. XIAO Zuhe *(Chairman)*	2/2
Mr. ZHAO Enguang	2/2
Mr. YANG Yicheng	2/2

F. Audit and Risk Management Committee

The Company has established an audit and risk management committee with written terms of reference based upon the provisions and recommended practices of the CG Code on 30 January 2009. The primary duties of the audit and risk management committee are to review and supervise the financial reporting process and internal control systems of the Group. At present, the audit and risk management committee comprises Mr. MAK Kin Kwong, Mr. ZHAO Enguang and Mr. XIAO Zuhe, being independent non-executive Directors of the Company. Mr. MAK Kin Kwong is the chairman of the audit and risk management committee.

During the year ended 31 December 2010, the audit and risk management committee has held four meetings. At the meeting on 5 March 2010, the members of audit and risk management committee have reviewed and discussed with the external auditors of the Company the Group's consolidated financial statements for the years ended 31 December 2009, who is of the opinion that such statements have complied with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of Hong Kong Companies Ordinance; at the meeting on 27 August 2010, the members of audit and risk management committee have reviewed and discussed with the external auditors of the Company the Group's condensed consolidated financial statements for the six months ended 30 June 2010, who is of the opinion that nothing has come to their attention that causes them to believe that such statements is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting"; at the meetings on 7 May 2010 and 9 November 2010, the members of audit and risk management committee have reviewed the Group's financial results for the three months ended 31 March 2010 and for the nine months ended 30 September 2010 respectively.

The following is the attendance record of the committee meetings held by the audit and risk management committee during the year ended 31 December 2010.

	Attendance at meetings
Mr. MAK Kin Kwong *(Chairman)*	4/4
Mr. ZHAO Enguang	4/4
Mr. XIAO Zuhe	4/4

G. Auditors' Remuneration

Deloitte Touche Tohmatsu, the Group's external auditor who was also the reporting accountants of the Company in relation to the listing of the Company's shares on the main board of the Stock Exchange, provided audit services for the years ended 31 December 2009 and 2010.

For the year ended 31 December 2010, the total fee paid/payable in respect of audit and non-audit services provided by the Group's external auditors is set out below:

	For the year ended 31 December 2010 approximately HK$'000
Audit services	
Annual audit services	1,700
Interim review services	350
Non-audit services	
Tax advisory services	12

The audit and risk management committee is responsible for making recommendations to the Board as to the appointment, re-appointment and removal of the external auditors, which is subject to the approval by the Board and at the general meetings of the Company by its shareholders.

H. Director's Responsibility on the Financial Statements

The Directors acknowledge that it is their responsibility to prepare the accounts of the Group and other financial disclosures required under the Listing Rules and the management will provide information and explanation to the Board to enable it to make an informed assessment of the financial and other Board decisions.

I. Internal Control

The internal control system is implemented to minimise the risks to which the Group is exposed and used as a management tool for the day-to-day operation of business. The internal control system has been designed to safeguard the assets of the Company, maintain proper accounting records, ensure execution of contracts with appropriate authority and ensure compliance of the relevant laws and regulations. The system can only provide reasonable but not absolute assurance against misstatements or losses.

The Board is responsible for implementing and maintaining the Group's internal control system and reviewing its effectiveness. During the year ended 31 December 2010, they have carried out a review of the implemented system and procedures, including areas covering financial, operational and legal compliance controls and risk management functions. The Board considered that, for the year ended 31 December 2010, the Company's internal control system is adequate and effective and the Company has complied with the code provisions on internal control of the CG Code.

J. Going Concern

There are no material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Deloitte.
德勤

TO THE MEMBERS OF REAL GOLD MINING LIMITED
瑞金礦業有限公司
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Real Gold Mining Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 39 to 75, which comprise the consolidated statement of financial position as at 31 December 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion 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. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements that give a true and fair view, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2010, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

10 March 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	NOTES	2010 RMB'000	2009 RMB'000
Revenue	7	**1,368,227**	1,011,154
Cost of sales		**(311,055)**	(262,511)
Gross profit		**1,057,172**	748,643
Other income	8	**156,857**	35,918
Administrative expenses		**(34,461)**	(34,977)
Other expenses	10	**(71,725)**	(13,283)
Profit before taxation	11	**1,107,843**	736,301
Taxation	12	**(299,339)**	(193,043)
Profit and total comprehensive income for the year		**808,504**	543,258
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		**798,044**	526,676
Non-controlling interests		**10,460**	16,582
		808,504	543,258
Earnings per share:			
Basic	13	**RMB95.15 cents**	RMB78.59 cents
Diluted		**RMB94.79 cents**	RMB78.48 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	NOTES	2010 RMB'000	2009 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	456,570	378,497
Mining rights	16	168,028	180,414
Exploration and evaluation assets	17	1,261,343	89,123
Prepaid lease payments	18	5,834	5,959
		1,891,775	653,993
CURRENT ASSETS			
Prepaid lease payments	18	125	125
Inventories	19	7,676	6,164
Trade and other receivables	20	45,122	32,788
Loans receivable	21	—	426,997
Bank balances and cash	22	2,965,187	1,957,810
		3,018,110	2,423,884
CURRENT LIABILITIES			
Trade and other payables	23	61,325	46,075
Loans payable	21	—	427,398
Tax payable		105,706	66,191
		167,031	539,664
NET CURRENT ASSETS		2,851,079	1,884,220
		4,742,854	2,538,213
CAPITAL AND RESERVES			
Share capital	24	796,494	675,383
Reserves		3,793,887	1,808,309
Equity attributable to owners of the Company		4,590,381	2,483,692
Non-controlling interests		135,074	37,122
		4,725,455	2,520,814

	NOTES	2010 RMB'000	2009 RMB'000
NON-CURRENT LIABILITIES			
Provision for restoration cost	25	**675**	675
Deferred tax liability	26	**16,724**	16,724
		17,399	17,399
		4,742,854	2,538,213

The consolidated financial statements on pages 39 to 75 were approved and authorised for issue by the Board of Directors on 10 March 2011 and are signed on its behalf by:

Lu Tianjun
DIRECTOR

Cui Jie
DIRECTOR

✦ CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

	Attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Capital reserve RMB'000	Other reserve RMB'000	Share options reserve RMB'000	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2009	387,522	—	16,914	—	7,803	—	84,613	496,852	15,728	512,580
Profit and total comprehensive income for the year	—	—	—	—	—	—	526,676	526,676	16,582	543,258
Appropriation to reserve	—	—	56,251	—	—	—	(56,251)	—	—	—
Issue of shares by capitalisation of share premium account	100,310	(100,310)	—	—	—	—	—	—	—	—
Issue of shares at premium through initial public offering	91,832	482,126	—	—	—	—	—	573,958	—	573,958
Transaction costs attributable to issue of shares	—	(24,192)	—	—	—	—	—	(24,192)	—	(24,192)
Issue of shares at a premium	92,520	781,091	—	—	—	—	—	873,611	—	873,611
Recognition of equity-settled share-based payment expense	—	—	—	—	—	16,791	—	16,791	—	16,791
Lapse of share options	—	—	—	—	—	(900)	900	—	—	—
Exercise of share options	3,199	22,524	—	—	—	(5,727)	—	19,996	—	19,996
Addition arising on acquisition of a subsidiary (note 28)	—	—	—	—	—	—	—	—	4,812	4,812
At 31 December 2009	675,383	1,161,239	73,165	—	7,803	10,164	555,938	2,483,692	37,122	2,520,814
Profit and total comprehensive income for the year	—	—	—	—	—	—	798,044	798,044	10,460	808,504
Issue of shares at a premium	87,008	970,127	—	—	—	—	—	1,057,135	—	1,057,135
Transaction costs attributable to issue of shares	—	(24,910)	—	—	—	—	—	(24,910)	—	(24,910)
Issue of shares as part consideration for the acquisition of a subsidiary (note 28)	32,107	374,693	—	—	—	—	—	406,800	—	406,800
Recognition of equity-settled share-based payment expense	—	—	—	—	—	8,233	—	8,233	—	8,233
Exercise of share options	1,996	14,474	—	—	—	(3,993)	—	12,477	—	12,477
Acquisition of additional interest in an existing subsidiary	—	—	—	—	(151,090)	—	—	(151,090)	(42,910)	(194,000)
Addition arising on acquisition of a subsidiary (note 28)	—	—	—	—	—	—	—	—	130,402	130,402
Appropriation to reserve	—	—	—	6,267	—	—	(6,267)	—	—	—
At 31 December 2010	796,494	2,495,623	73,165	6,267	(143,287)	14,404	1,347,715	4,590,381	135,074	4,725,455

Statutory reserve represents the appropriation of 10% of profit after taxation determined based on the accounting standards and regulations in the People's Republic of China (the "PRC") as required by the Articles of Association of one of the Company's PRC subsidiaries. The appropriation may cease to apply if the balance of the statutory reserve has reached 50% of that PRC subsidiary's registered capital.

Other reserve comprises an amount of approximately RMB7,803,000 advanced and waived by Lead Honest Management Limited, the Company's immediate holding company during the year ended 31 December 2008 and an amount of approximately RMB151,090,000 representing the excess of the fair value of the consideration over the carrying amount of the net assets of additional interest in an existing subsidiary acquired during the year ended 31 December 2010, details of which are set out in note 2.

Capital reserve comprises an amount of approximately RMB6,267,000 representing an appropriation to safety production fund from retained profits pursuant to regulations in the PRC. The fund is not available for distribution to shareholders.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2010

	NOTE	2010 RMB'000	2009 RMB'000
OPERATING ACTIVITIES			
Profit before taxation		1,107,843	736,301
Adjustments for:			
Interest income		(7,651)	(2,264)
Amortisation of mining rights		12,386	10,305
Amortisation of prepaid lease payments		125	125
Depreciation of property, plant and equipment		25,755	22,635
Release of financial guarantee liability		—	(2,393)
Share-based payment expense		8,233	16,791
Operating cash flows before movements in working capital		1,146,691	781,500
Increase in trade and other receivables		(12,334)	(5,844)
Increase in inventories		(1,512)	(930)
Increase in trade and other payables		15,250	9,336
Cash generated from operations		1,148,095	784,062
Interest received		7,651	2,264
Income tax paid		(259,824)	(136,312)
NET CASH FROM OPERATING ACTIVITIES		895,922	650,014
INVESTING ACTIVITIES			
Acquisition of subsidiaries	28	(538,257)	(90,009)
Additions of property, plant and equipment		(103,116)	(88,462)
Additions of exploration and evaluation assets		(97,473)	—
Repayment of (advance of) loans receivables		426,997	(426,997)
NET CASH USED IN INVESTING ACTIVITIES		(311,849)	(605,468)
FINANCING ACTIVITIES			
Proceeds from issue of shares		1,069,612	1,467,565
(Repayment) advance of loans payables		(427,398)	427,398
Acquisition of additional interest in an existing subsidiary		(194,000)	—
Expenses on issue of shares		(24,910)	(24,192)
NET CASH FROM FINANCING ACTIVITIES		423,304	1,870,771
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,007,377	1,915,317
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		1,957,810	42,493
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		2,965,187	1,957,810

1. General

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2007 Revision) Chapter 22 of the Cayman Islands on 13 March 2008 and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 23 February 2009. Its immediate holding company is Lead Honest Management Limited ("Lead Honest"), incorporated in the British Virgin Islands, and its ultimate holding company is Tercel Holdings Limited, incorporated in Bahamas. The addresses of the registered office and the principal place of business of the Company are disclosed in the corporate information section of the annual report.

The Company is an investment holding company. Its subsidiaries are principally engaged in exploration, mining and processing of gold ore and sale of concentrates in the People's Republic of China (the "PRC").

The consolidated financial statements have been presented in Renminbi ("RMB"), which is also the functional currency of the Company and its principal subsidiaries.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs")

In the current year, the Group has applied the following new and revised standards, amendments and interpretations (hereinafter collectively referred to as "new and revised IFRSs") that are effective for the Group's financial year beginning 1 January 2010:

IFRSs (Amendments)	Amendments to IFRS 5 as part of Improvements to IFRSs issued in 2008
IFRSs (Amendments)	Improvements to IFRSs issued in 2009
IFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
IFRS 3 (Revised 2008)	Business Combinations
IAS 27 (Revised 2008)	Consolidated and Separate Financial Statements
IAS 39 (Amendment)	Eligible Hedged Items
IFRIC Int-17	Distributions of Non-cash Assets to Owners

Except as described below, the application of the new and revised IFRSs in the current year has had no material effect on the consolidated financial statements.

IAS 27 (Revised 2008) "Consolidated and Separate Financial Statements"

The application of IAS 27 (Revised 2008) has resulted in changes in the Group's accounting policies regarding increases or decreases in ownership interests in subsidiaries of the Company. In prior years, in the absence of specific requirement in IFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. The impact of decreases in interests in subsidiaries that did not involve loss of control (being the difference between the consideration received and the carrying amount of the share of net assets disposed of) was recognised in profit or loss. Under IAS 27 (Revised 2008), all increases or decreases in such interests are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of transaction, event or other circumstance, the revised standard requires that the Group derecognises all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date the control is lost. A gain or loss on loss of control is recognised in profit or loss as the difference between the proceeds, if any, and these adjustments.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") (continued)

IAS 27 (Revised 2008) "Consolidated and Separate Financial Statements" (continued)

In respect of the acquisition during the year of the remaining 2.86% equity interest in an existing subsidiary, 富邦工業(惠州)有限公司 ("Fubon"), by a wholly-owned subsidiary of the Company, the impact of the change in policy has been that the excess of approximately RMB151,090,000 between the consideration payable of RMB194,000,000 and the carrying amount of the non-controlling interests acquired has been charged directly in equity. Had the previous accounting policy been applied, this amount would have been recognised as fair value adjustment on the assets of Fubon included in the consolidated statement of financial position.

IFRS 3 (Revised 2008) "Business Combinations"

The Group also applies IFRS 3 (Revised 2008) "Business combinations" prospectively to business combinations for which the acquisition on date is on or after 1 January 2010. As there was no business combination transaction during the current year in which IFRS 3 (Revised 2008) is applicable, the application of IFRS 3 (Revised 2008) had no effect on the consolidated financial statements of the Group for the current financial year.

Amendment to IAS 17 "Leases"

As part of Improvements to IFRSs issued in 2009, IAS 17 "Leases" has been amended in relation to the classification of leasehold land. Before the amendment to IAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendment to IAS 17 has removed such a requirement. The amendment requires that the classification of leasehold land should be based on the general principles set out in IAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendment to IAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 January 2010 based on information that existed at the inception of the leases. The adoption of Amendment to IAS 17 "Leases" had no material impact on the consolidated financial statements of the Group.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

IFRSs (Amendments)	Improvements to IFRSs issued in 2010[1]
IAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
IAS 24 (Revised)	Related Party Disclosures[4]
IAS 32 (Amendments)	Classification of Rights Issues[2]
IFRS 7 (Amendments)	Disclosures for Transfer of Financial Assets[4]
IFRS 9	Financial Instruments[6]
IFRIC-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[4]
IFRIC-Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

1 *Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate*
2 *Effective for annual periods beginning on or after 1 February 2010*
3 *Effective for annual periods beginning on or after 1 July 2010*
4 *Effective for annual periods beginning on or after 1 January 2011*
5 *Effective for annual periods beginning on or after 1 January 2012*
6 *Effective for annual periods beginning on or after 1 January 2013*

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") (continued)

IFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss is presented in profit or loss.

The application of IFRS 9 might affect the classification and measurement of the Group's financial assets. As at 31 December 2010, no financial liability has been designated as at fair value through profit and loss. The application of IFRS 9 will affect the measurement of such financial liability if designation is made in the future.

The directors of the Company anticipate that the application of other new and revised standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

3. Significant Accounting Policies

The consolidated financial statements have been prepared on the historical cost basis and in accordance with IFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The principal accounting policies adopted are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intragroup transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented, separated from the Group's entity therein.

3. Significant Accounting Policies (continued)

Basis of consolidation (continued)

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries on or after 1 January 2010

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Changes in the Group's ownership interests in existing subsidiaries prior to 1 January 2010

Increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. For decreases in interests in subsidiaries, regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts of goods sold in the normal course of business, net of sales related tax.

Sales of goods are recognised when goods are delivered and title has passed.

Interest income from a financial asset is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating leases payments are recognised as an expense on a straight-line basis over the relevant lease terms.

Foreign currencies

In preparing the financial statements of each individual entities, the transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transaction. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3. Significant Accounting Policies (continued)

Retirement benefit costs

Contributions to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

Taxation

Taxation represents the sum of income tax expense currently payable and deferred tax.

The income tax expense currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable nor deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current or deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment including building held for use in the production or supply of goods, other than construction in progress, are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided so as to write off the cost of items of property, plant and equipment, other than construction in progress and mining structures, over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

Depreciation on mining structures is provided so as to write off the cost of the mining structures using the unit of production method based on the actual production volume over the estimated total proved and probable reserves of the ore mines.

3. Significant Accounting Policies (continued)

Property, plant and equipment (continued)

Construction in progress represents buildings, mining structures, and plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is stated at cost less any identified impairment loss. Cost comprises construction expenditure and other direct costs attributable to such projects. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Deprecation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Mining rights

Mining rights acquired separately are initially measured at cost. The carrying amount of exploration and evaluation assets is reclassified to mining rights when the technical feasibility and commercial viability of extracting mineral resources are demonstrable. Mining rights with finite useful lives are carried at costs less accumulated amortisation and any identified impairment loss. Amortisation for mining rights with finite useful lives is provided using the unit of production method based on the actual production volume over the estimated total proved and probable reserves of the ores mines.

Exploration and evaluation assets

Exploration and evaluation assets are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any identified impairment loss.

Exploration and evaluation assets include the cost of exploration rights and the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources. Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. An impairment loss is recognised in profit and loss.

When the technical feasibility and commercial viability of extracting a mineral resource become demonstrable and the mining rights is obtained, the carrying amounts of the recognised exploration and evaluation assets are reclassified as mining rights.

Prepaid lease payments

Prepaid lease payments represent lease payments paid for the right to use the land on which various ore mines, plants and buildings are situated for a definite period. Prepaid lease payments are released to profit or loss on a straight-line basis over the period of the rights.

Impairment of tangible and intangible assets (except exploration and evaluation assets)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method.

3. Significant Accounting Policies (continued)

Provision for restoration cost

The Group is required to incur costs for restoration of the land after the underground sites have been mined. Provision for restoration cost is recognised when the Group has a present obligation as a result of past event, and it is probable that the Group will be required to settle that obligation. Provision is measured in accordance with the relevant rules and regulations applicable in the different provinces of PRC at the end of the reporting period, and is discounted to their present value where the effect is material.

Restoration cost is provided in the period in which the obligation is identified and is capitalised to the costs of mining structures. This cost is charged to profit or loss through depreciation of the assets, which are depreciated using the unit of production method based on the actual production volume over the estimated total proved and probable reserves of the ore mines.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets (including trade and other receivables, loans receivable and bank balances) are classified as loan and receivables which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period and are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

The accounting policy of the Group's financial liabilities (including trade and other payables and loans payable) are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Equity-settled share-based payment transactions

For share options granted to employees, the fair value of services received is determined by reference to the fair value of share options granted at the grant date and is expensed on a straight-line basis over the vesting period with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

4. Key Sources of Estimation Uncertainty

The key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below:

(a) Estimated allowance for receivables

Management regularly reviews the recoverability of trade and other receivables and loans receivable. Allowance for these receivables is made based on the evaluation of collectability and on management's judgement by reference to the estimation of the future cash flows discounted at an effective interest rate to calculate the present value.

A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including their current creditworthiness. If the actual future cash flows were less than expected, additional allowance may be required.

(b) Mining rights and mining structures

Mining rights and mining structures are amortised or depreciated using the unit of production method based on the actual production volume over the estimated total proved and probable reserves of the ore mines.

The process of estimating quantities of reserves is inherently uncertain and complex. It requires significant judgments and decisions based on available geological, geophysical, engineering and economic data. The directors exercise their judgement in estimating the total proved and probable reserves of the ore mines. If the quantities of reserves are different from current estimates, it will result in significant changes to amortisation and depreciation expenses of mining rights and mining structures and may result in a material impairment loss to be recognised.

(c) Exploration and evaluation assets

Exploration and evaluation asset are assessed for impairment when facts and circumstances suggest the carrying amount may exceed its recoverable amount. The directors of the Company exercise their judgment in estimating recoverable amount which requires the Group to estimate the total reserves of the ore mines. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available. If the quantities of reserves are different from current estimates, it will result in significant changes of the recoverable amount. Where the recoverable amount is less than expected, a material impairment loss may arise.

5. Capital Risk Management

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of equity attributable to owners of the Company which comprises issued share capital and reserves.

Management reviews the capital structure regularly, taking into account of the cost and risk associated with the capital. The Group will then balance its capital structure through the payment of dividends, new shares issues as well as the issue of new debt.

6. Financial Instruments

(a) Categories of financial instruments

	2010 RMB'000	2009 RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	3,008,429	2,410,811
Financial liabilities		
Amortised cost	4,875	436,206

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, loans receivable, bank balances, trade and other payables, and loans payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below:

Market risk

(i) Currency risk

The Group has foreign currency transactions which expose the Group to market risk arising from changes in foreign exchange rates. The Group has bank balances that are denominated in foreign currencies. The Group has also entered into certain loan arrangements (note 21) which expose the Group to foreign currency exposure on Hong Kong dollars ("HK$") and United States dollars ("US$"). The Group manages and monitors foreign exchange exposure to ensure appropriate measures are implemented on a timely and effective manner. No foreign currency hedge is currently undertaken by the Group. However, management will consider hedging significant foreign currency risk exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2010 RMB'000	2009 RMB'000	2010 RMB'000	2009 RMB'000
HK$	1,548,876	1,201,515	1,681	—
US$	142,314	198,117	—	—

6. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis

The Group is mainly exposed to the fluctuation of HK$ and US$.

The following table details the Group's sensitivity to a 5% (2009: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% (2009: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at the end of the reporting period and adjusted for a 5% (2009: 5%) change in foreign currency rates. A negative number below indicates a decrease in pre-tax profit where RMB strengthens 5% (2009: 5%) against the relevant currency. For a 5% (2009: 5%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on profit.

	HK$ Impact		US$ Impact	
	2010 RMB'000	2009 RMB'000	**2010 RMB'000**	2009 RMB'000
Decrease in profit for the year	**(77,360)**	(60,076)	**(7,116)**	(9,906)

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to bank balances due to fluctuation of the prevailing market interest rate for bank balances. Management will continuously monitor interest rate fluctuation and will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 10 basis point (2009: 10 basis points) increase or decrease is used when reporting interest rate risk for bank balances internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates for bank balances had been 10 basis points (2009: 10 basis points) higher/lower and all other variables were held constant, the Group's pre-tax profit for the year ended 31 December 2010 would increase/decrease by approximately RMB2,699,000 (2009: increase/decrease by approximately RMB1,958,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposit.

6. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk

As at 31 December 2010, the Group's maximum exposure to credit risk which causes a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group has concentration of credit risk as a substantial portion of its revenue was generated from a limited number of customers and the Group's bank balances were deposited with a few banks. At 31 December 2010, the Group's trade receivables of RMB39,964,000 (2009: RMB25,938,000) were owed by 5 (2009: 4) customers. All the customers were engaged in gold refining in the PRC with good reputation and repayment history.

In order to minimise the credit risk of trade receivables, the Group reviews the recoverable amount of each trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The credit risk on liquid funds is limited because the counterparties are banks with good reputation. Hence, the effect of credit risk is considered not significant.

Liquidity risk

In management of the liquidity risk, the Group monitors the adequacy of funding for its daily operation and may consider to issue new debt or offer new shares in order to fulfill the working capital requirements. In the opinion of the directors, the liquidity risk of the Group is minimal.

The Group's financial liabilities are all repayable on demand. The contractual amount of these financial liabilities based on the earliest day on which the Group can be required to pay equal to their carrying amounts.

(c) Fair value

The fair values of financial assets and financial liability are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The directors of the Company consider that the carrying amounts of financial assets and financial liability recorded at amortised cost in the consolidated statement of financial position approximate their fair values.

7. Segment Information

The Group has 3 operating mines in Nantaizi, Shirengou and Luotuochang in Inner Mongolia, the PRC. The Group is organised based on the locations of its ore processing plants. The ore processing plant located at Nantaizi processes ore from the mines in Nantaizi and Shirengou. The ore processing plant located at Luotuochang only processes ore from the mine in Luotuochang. For management reporting purpose, the Group's executive directors, who are the chief operating decision maker (''CODM'') reviewed the financial information of each ore processing plant for the purpose of resources allocation and performance evaluation. Hence, the processing activities at each of the ore processing plants in Nantaizi and Luotuochang represented as an operating segment.

In December 2009, April 2010 and June 2010, the Group acquired certain subsidiaries engaged in exploration activities in Yunnan, Jiangxi and Guangxi, the PRC. The CODM also reviewed financial information of each subsidiaries separately. Because all these subsidiaries carry out exploration activities, they are aggregated as one reportable segment of exploration of gold mines.

7. Segment Information (continued)

The Group's reportable segments are set out as follows:

(i) Ore processing plant in Nantaizi — the mining and ore processing activities in respect of the mines in Nantaizi and Shirengou;

(ii) Ore processing plant in Luotuochang — the mining and ore processing activities in respect of the mine in Luotuochang;

(iii) Exploration of gold mines — the exploration activities in various places.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments for the current and prior years:

	2010				2009			
	Ore processing plant in Nantaizi RMB'000	Ore processing plant in Luotuochang RMB'000	Exploration of gold mines RMB'000	Total RMB'000	Ore processing plant in Nantaizi RMB'000	Ore processing plant in Luotuochang RMB'000	Exploration of gold mines RMB'000	Total RMB'000
Segment revenue from external customers								
— gold	693,464	184,216	—	877,680	520,600	147,463	—	668,063
— copper	50,366	246,153	—	296,519	36,130	169,073	—	205,203
— others (silver, lead and zinc)	165,762	28,266	—	194,028	117,038	20,850	—	137,888
	909,592	458,635	—	1,368,227	673,768	337,386	—	1,011,154
Segment profit	839,380	360,436	(2,421)	1,197,395	541,729	231,463	—	773,192
Unallocated other income				7,429				5,548
Unallocated corporate expenses				(25,256)				(29,156)
Other expenses				(71,725)				(13,283)
Profit before taxation				1,107,843				736,301

All the revenue are derived from independent third parties and no inter-segment transactions occurred for both years.

Segment profit represents the pre-tax profit earned by each segment without allocation of central administrative cost, directors' salaries, certain bank interest income and release of financial guarantee liability. This is the measure reported to the Group's executive directors for the purposes of resource allocation and performance assessment.

7. Segment Information (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments for the current and prior years:

	2010				2009			
	Ore processing plant in Nantaizi RMB'000	Ore processing plant in Luotuochang RMB'000	Exploration of gold mines RMB'000	Total RMB'000	Ore processing plant in Nantaizi RMB'000	Ore processing plant in Luotuochang RMB'000	Exploration of gold mines RMB'000	Total RMB'000
ASSETS								
Segment assets	409,995	221,700	1,310,587	1,942,282	387,792	208,571	89,123	685,486
Loans receivable				—				426,997
Unallocated bank balances and cash				2,962,926				1,956,743
Unallocated corporate assets				4,677				8,651
Consolidated total assets				4,909,885				3,077,877
LIABILITIES								
Segment liabilities	123,279	58,686	41	182,006	80,749	45,237	—	125,986
Loans payable				—				427,398
Unallocated corporate liabilities				2,424				3,679
Consolidated total liabilities				184,430				557,063

For the purposes of monitoring segment performances and allocating resources between segments, segment assets and liabilities represent assets and liabilities of the subsidiaries carrying out the respective segment activities.

7. Segment Information (continued)

Other segment information

The following is an analysis of the Group's other segment information for the current and prior years:

	2010					2009				
	Ore processing plant in Nantaizi RMB'000	Ore processing plant in Luotuochang RMB'000	Exploration of gold mines RMB'000	Unallocated RMB'000 (note)	Total RMB'000	Ore processing plant in Nantaizi RMB'000	Ore processing plant in Luotuochang RMB'000	Exploration of gold mines RMB'000	Unallocated RMB'000 (note)	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:										
Addition to non-current assets	42,921	14,656	1,218,471	—	1,276,048	51,166	30,414	89,123	3,392	174,095
Amortisation of prepaid lease payments	90	35	—	—	125	90	35	—	—	125
Amortisation of mining rights	10,493	1,893	—	—	12,386	8,689	1,616	—	—	10,305
Depreciation of property, plant and equipment	13,889	11,139	140	587	25,755	11,860	10,091	—	684	22,635
Amounts regularly provided to the Company executive directors but not included in the measure of segment profit or loss:										
Interest income	147	75	—	7,429	7,651	72	61	—	2,131	2,264
Taxation	209,058	89,446	—	835	299,339	135,399	57,644	—	—	193,043

Note: Unallocated items mainly represent unallocated corporate assets, income and expenses.

Information about major customers

The following is an analysis of revenue from customers contributing over 10% of the total sales of the Group for the current and prior years:

	2010 RMB'000	2009 RMB'000
Customer A	664,627	378,489
Customer B	407,171	301,258
Customer C	169,729	297,504

The revenue from Customer A is attributable to the ore processing plant in Luotuochang segment and Nantaizi segment while revenue derived from Customer B and C are attributable to the ore processing plant in Nantaizi.

Geographical information

For both years, all the revenue are derived from customers located in the PRC. Non-current assets of the Group with carrying value of approximately RMB1,889,000,000 (2009: RMB651,943,000) are located in the PRC while the remaining non-current assets are located in Hong Kong.

8. Other Income

	2010 RMB'000	2009 RMB'000
Government subsidies	149,206	31,261
Release of financial guarantee liability	—	2,393
Bank interest income	7,651	2,264
	156,857	35,918

Government subsidies represent the benefit from tax concession granted by the PRC government to encourage the production and sale of gold concentrates. Under the tax concession, the Group is not required to pay to the government authority value-added tax which have been charged on the sale of gold concentrates.

9. Directors' Remuneration and the Five Highest Paid Employees

(a) Directors' remuneration

The emoluments paid or payable to each of the directors during the year were as follows:

	Mr. Qiu Haicheng RMB'000	Mr. Lu Tianjun RMB'000	Mr. Wang Zhentian RMB'000 (note)	Mr. Ma Wenxue RMB'000	Mr. Cuijie RMB'000	Mr. Mak Kin Kwong RMB'000	Mr. Zhao Enguang RMB'000	Mr. Xiao Zuhe RMB'000	Mr. Yang Yicheng RMB'000	Total RMB'000
2010										
Fees	—	—	—	—	—	436	87	87	52	662
Other emoluments										
— salaries and other benefits	171	171	—	171	171	—	—	—	—	684
— retirement benefit scheme contributions	9	9	—	9	9	—	—	—	—	36
— Equity-settled share-based payment expense	749	749	—	749	749	—	—	—	—	2,996
	929	929	—	929	929	436	87	87	52	4,378
2009										
Fees	—	—	—	—	—	565	81	81	28	755
Other emoluments										
— salaries and other benefits	49	49	16	49	49	—	—	—	—	212
— retirement benefit scheme contributions	9	9	3	9	9	—	—	—	—	39
— Equity-settled share-based payment expense	1,399	1,399	1,399	1,399	1,399	—	—	—	—	6,995
	1,457	1,457	1,418	1,457	1,457	565	81	81	28	8,001

Note: Mr. Wang Zhentian ceased to be a director on 30 April 2009.

9. Directors' Remuneration and the Five Highest Paid Employees (continued)

(b) Five highest paid employees' emoluments

The five highest paid individuals for the year included four (2009: four) directors whose remuneration are included above. The emoluments of the remaining one (2009: one) individual are as follows:

	2010 RMB'000	2009 RMB'000
Salaries and other benefits	734	529
Retirement benefit scheme contributions	—	—
Equity-settled share-based payment expense	749	1,399
	1,483	1,928

During the year, no remuneration has been paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as a compensation for loss of office. No directors have waived any remuneration during the year.

10. Other Expenses

	2010 RMB'000	2009 RMB'000
Listing expenses	—	9,116
Exchange losses	49,464	4,167
Consultancy expenses	22,261	—
	71,725	13,283

Consultancy expenses mainly relates to to consultancy service provided by independent professional firms for assessing the opportunities of exploration and evaluation projects.

11. Profit before Taxation

	2010 RMB'000	2009 RMB'000
Profit before taxation has been arrived at after charging:		
Directors' remuneration (note 9)	4,378	8,001
Other staff costs	12,927	10,242
Equity-settled share-based payment expense for other staff	5,237	9,796
Retirement benefit scheme contributions for other staff	2,124	1,772
Total staff costs	24,666	29,811
Auditor's remuneration	1,481	1,600
Amortisation of mining rights (included in cost of sales)	12,386	10,305
Amortisation of prepaid lease payments	125	125
Cost of inventories processed and sold	286,086	240,689
Depreciation of property, plant and equipment	25,755	22,635
Operating lease payments for rented premises	1,000	405

12. Taxation

	2010 RMB'000	2009 RMB'000
PRC Enterprise Income Tax		
Current year	299,091	193,043
Underprovision in prior year	248	—
	299,339	193,043

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group's income neither arises in, nor is derived from, Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

In addition, the EIT Law has imposed withholding tax upon the distribution of the profits earned by PRC subsidiaries from 1 January 2008 onwards to their non-PRC shareholders. At 31 December 2010, the aggregate amount of temporary differences associated with retained earnings of the Group's PRC subsidiaries was approximately RMB1,645,254,000 (2009: RMB732,107,000). Deferred taxation has not been provided for in the consolidated financial statements in respect of these temporary differences attributable to retained profits of the Group's PRC subsidiaries amounting to approximately RMB1,478,015,000 (2009: RMB564,868,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

12. Taxation (continued)

The taxation charge for the year can be reconciled to the profit before taxation per the consolidated statement of comprehensive income as follows:

	2010 RMB'000	2009 RMB'000
Profit before taxation	1,107,843	736,301
Tax at applicable PRC Enterprise Income Tax rate of 25% (2009: 25%)	276,961	184,075
Tax effect of expenses not deductible for tax purpose	15,627	2,477
Tax effect of income not taxable for tax purpose	(5,787)	(2,370)
Tax effect of tax losses not recognised	12,290	8,861
Underprovision in respect of prior years	248	—
Taxation charge for the year	299,339	193,043

13. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

Earnings

	2010 RMB'000	2009 RMB'000
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	798,044	526,676

Number of shares

	2010 '000	2009 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	838,733	670,160
Effect of dilutive potential ordinary shares in respect of share options issued by the Company	3,166	978
Weighted average number of ordinary shares for the purpose of diluted earnings per share	841,899	671,138

14. Dividends

A dividend in respect of the year ended 31 December 2010 of HK$0.05 per share, totalling approximately HK$45.4 million equivalent to approximately RMB38.6 million (2009: nil), will be proposed to the shareholders for approval at the annual general meeting on 27 April 2011.

15. Property, Plant and Equipment

	Buildings RMB'000	Mining structures RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 January 2009	105,556	138,799	69,974	177	487	6,332	321,325
Additions	—	15,885	12,608	1,885	1,520	53,074	84,972
Transfer	—	59,406	—	—	—	(59,406)	—
At 31 December 2009	105,556	214,090	82,582	2,062	2,007	—	406,297
Additions	—	72,717	106	19	74	30,200	103,116
Acquisition of subsidiaries (note 28)	—	—	56	129	527	—	712
At 31 December 2010	105,556	286,807	82,744	2,210	2,608	30,200	510,125
DEPRECIATION							
At 1 January 2009	898	2,214	1,891	42	120	—	5,165
Provided for the year	5,481	11,573	4,798	697	86	—	22,635
At 31 December 2009	6,379	13,787	6,689	739	206	—	27,800
Provided for the year	5,481	14,160	5,346	299	469	—	25,755
At 31 December 2010	11,860	27,947	12,035	1,038	675	—	53,555
CARRYING VALUES							
At 31 December 2010	93,696	258,860	70,709	1,172	1,933	30,200	456,570
At 31 December 2009	99,177	200,303	75,893	1,323	1,801	—	378,497

15. Property, Plant and Equipment (continued)

The property, plant and equipment, other than construction in progress and mining structures, are depreciated over their estimated useful lives, after taking into account their residual value, as follows:

Buildings	8–20 years
Plant and machinery	10 years
Furniture, fixtures and equipment	5 years
Motor vehicles	5 years

Mining structure represents transportation facilities and structures for extracting ore. Depreciation on mining structures is provided to write off the cost of the mining structures using the unit of production method based on the actual production volume over the total estimated proved and probable reserves of the ore mines. Effective depreciation rates for the year were in the range of 3.63% to 7.8% (2009: 3.52% to 8.18%).

Construction in progress mainly represents mining structures in the course of construction.

16. Mining Rights

	RMB'000
COST	
At 1 January 2009, 31 December 2009 and 31 December 2010	195,500
AMORTISATION	
At 1 January 2009	4,781
Charged for the year	10,305
At 31 December 2009	15,086
Charged for the year	12,386
At 31 December 2010	27,472
CARRYING VALUES	
At 31 December 2010	168,028
At 31 December 2009	180,414

Mining rights are amortised using the unit of production method based on the actual production volume over the total estimated proved and probable reserves of the ore mines until all proven reserves have been mined. Effective amortization rates for the year approximate to 4% to 8% for both years.

17. Exploration and Evaluation Assets

	RMB'000
COST	
At 1 January 2009	—
Acquisition of a subsidiary (note 28)	89,123
At 31 December 2009	89,123
Acquisition of subsidiaries (note 28)	1,074,747
Addition	97,473
At 31 December 2010	1,261,343

The amount mainly represents the cost of acquisition of the exploration permits in various locations in the PRC. Details are set out in note 28.

18. Prepaid Lease Payments

The prepaid lease payments represent land use rights in the PRC held under medium-term lease and are analysed as follows:

	2010 RMB'000	2009 RMB'000
Non-current	**5,834**	5,959
Current	**125**	125
	5,959	6,084

19. Inventories

	2010 RMB'000	2009 RMB'000
Mineral ores	**4,159**	2,601
Concentrates	**3,517**	3,563
	7,676	6,164

20. Trade and Other Receivables

	2010 RMB'000	2009 RMB'000
Trade receivables	39,964	25,938
Deposits	1,659	6,385
Prepayments	1,820	398
Other receivables	1,679	67
	45,122	32,788

The average credit period granted to the Group's customers is 30 days (2009: 30 days). The trade receivables as at 31 December 2010 were aged within 30 days (2009: within 30 days). All the trade receivable are denominated in RMB.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Majority of the trade receivables that are neither past due nor impaired have no default payment history.

21. Loans Receivable and Loans Payable

In the prior year, the Group entered into two sets of loan arrangements on a back-to-back basis with two separate independent third parties and their respective affiliates in the PRC (the "Parallel Loan Arrangements").

Under the Parallel Loan Arrangements, the Group first advanced HK$415,163,000 and US$9,000,000 to the respective independent third parties. Upon receipt of the funds by the independent third parties, the affiliates of the independent third parties advanced forthwith funds of an equivalent amount in RMB427,398,000 to a PRC subsidiary of the Company.

The independent third parties were required to settle the outstanding loans receivable to the Group on demand by the Group. The PRC subsidiary of the Company was required to settle the outstanding loans payable to the affiliates of independent third parties on demand by the affiliates of the independent third parties, but only after the independent third parties have settled the loans receivable to the Group.

As there was no legally enforceable right of the Group to set off the loans receivable and loans payable, the loan amounts were presented separately in the consolidated statement of financial position as at 31 December 2009.

The loans receivable and loans payable were unsecured, interest-free and were fully settled during the current year.

22. Bank Balances and Cash

Bank balances carry interest at market rates which range from 0.01% to 0.85% (2009: 0.01% to 0.5%) per annum.

23. Trade and Other Payables

	2010 RMB'000	2009 RMB'000
Trade payables	—	430
Other payables	61,325	45,645
	61,325	46,075

The average credit period granted by the Group's suppliers is 30 to 60 days (2009: 30 to 60 days). The trade payables as at 31 December 2009 were aged within 60 days.

24. Share Capital

	Notes	Number of ordinary shares	Amount HK$'000
Ordinary shares of HK$1 each:			
Authorised:			
At 1 January 2009, 31 December 2009 and 31 December 2010		1,000,000,000	1,000,000
Issued and fully paid:			
At 1 January 2009		441,943,715	441,944
Issue of shares by capitalisation of share premium account	(i)	113,856,285	113,856
Issue of shares at premium through initial public offering	(ii)	104,200,000	104,200
Exercise of share options	(iii)	3,630,000	3,630
Issue of shares at a premium	(iv)	105,000,000	105,000
At 31 December 2009		768,630,000	768,630
Issue of shares as part consideration for the acquisition of a subsidiary	(v)	36,526,213	36,526
Issue of shares at a premium	(vi)	100,000,000	100,000
Exercise of share options	(vii)	2,310,000	2,310
At 31 December 2010		907,466,213	907,466

	2010 RMB'000	2009 RMB'000
Shown in the consolidated statement of financial position as	796,494	675,383

24. Share Capital (continued)

Notes:

(i) *On 23 February 2009, the Company issued 113,856,285 ordinary shares of HK$1 each as fully paid to the then sole shareholder by the capitalisation of an amount of HK$113,856,285 (equivalent to approximately RMB100,310,000) in the share premium of the Company.*

(ii) *On 23 February 2009, the Company issued 104,200,000 ordinary shares of HK$1 each for cash at a price of HK$6.25 per share, totalling HK$651,250,000 (equivalent to approximately RMB573,958,000), pursuant to the Company's initial public offering for listing of those shares on The Stock Exchange of Hong Kong Limited.*

(iii) *On 9 September 2009, the Company issued 3,630,000 ordinary shares of HK$1 each for cash at a price of HK$6.25 per share, totalling HK$22,687,500 (equivalent to approximately RMB19,996,000), pursuant to the exercise of the Company's share options.*

(iv) *On 7 October 2009, the Company issued 105,000,000 ordinary shares of HK$1 each for cash at a price of HK$9.60 per share, raising a net proceeds of approximately HK$991,200,000 (equivalent to approximately RMB873,611,000) after deducting fees, commissions and other expenses, pursuant to the placing and subscription agreement dated 24 September 2009 entered into between the Company, Lead Honest Management Limited ("Lead Honest"), Mr. Wu Ruilin (the beneficial owner of Lead Honest) and placing agents. The proceeds were used for the acquisition of 95% equity interest in* 雲南古道礦業有限公司 *("Yunnan Gudao"), details of which are set out in note 28, as well as other potential future acquisitions and development of gold-related mining and exploration projects.*

(v) *On 4 June 2010, the Company issued 36,526,213 ordinary shares of HK$1 each at a price of HK$12.67 per share, totalling HK$462,787,000 (equivalent to approximately RMB406,800,000) to independent third parties as part of the consideration for the acquisition of a subsidiary as set out in note 28.*

(vi) *On 24 June 2010, the Company entered into a placing and subscription agreement with Lead Honest, Mr. Wu Ruilin and an independent placing agent in connection with the placing of 100,000,000 existing ordinary shares of the Company of HK$1 each held by Lead Honest at a placing price of HK$12.15 per share (the "Placing") and the subscription of 100,000,000 new ordinary shares in the Company by Lead Honest, at a subscription price of HK$12.15 per share (the "Subscription"). The Placing and the Subscription were completed on 29 June 2010 and 7 July 2010, respectively, resulting in a net proceeds from the Subscription of approximately HK$1,186,369,000 (equivalent to approximately RMB1,032,225,000). Details of these transactions are set out in the Company's announcements dated 25 June 2010 and 7 July 2010.*

(vii) *On 30 September 2010, the Company issued 2,310,000 ordinary shares of HK$1 each for cash at a price of HK$6.25 per share, totalling HK$14,437,500 (equivalent to approximately RMB12,477,000), pursuant to the exercise of the Company's share options.*

The new shares rank pari passu with the then existing shares in all respects.

25. Provision for Restoration Cost

In accordance with relevant PRC rules and regulations, the Group is obliged to accrue the cost for land reclamation and mine closures for the Group's existing mines. The provision for restoration cost has been determined by the directors based on their best estimates in accordance with the PRC rules and regulations.

26. Deferred Taxation

The followings are the deferred tax liability arising from withholding tax applied on the undistributed profits of the PRC subsidiaries and movement thereon during the current and prior years:

	RMB'000
At 1 January 2009, 31 December 2009 and 31 December 2010	16,724

At the end of the reporting period, the Group has unused tax losses of approximately RMB87,351,000 (2009: RMB38,191,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to unpredictability of future profit streams. The tax losses of approximately RMB10,064,000 (2009: RMB1,671,000) can be carried forward for 5 years from the year they arise with the remaining tax losses carried forward indefinitely.

27. Share-Based Payment Transactions

The Company's share option scheme (the "Scheme") was adopted pursuant to a written resolution of the then sole shareholder passed on 30 January 2009 for the primary purpose of providing incentives to directors and eligible employees, and will remain in force for a period of ten years from the date of adoption of the Scheme.

At 31 December 2010, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 12,210,000 (2009: 14,520,000), representing 1.3% (2009: 2%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

The exercise price is determined by the directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

27. Share-Based Payment Transactions (continued)

The following table discloses details of movements of the Company's share options during the current and prior years:

				Number of share options						
Grantee	Vesting period	Exercisable period	Exercise price per share HK$	Outstanding at 1.1.2009	Granted during the year	Lapsed during the year	Exercised during the year	Outstanding at 31.12.2009	Exercised during the year	Outstanding at 31.12.2010
Directors	Immediate	12.3.2009–11.3.2014	6.25	—	1,650,000	(330,000)	(1,320,000)	—	—	—
	12.3.2009–11.3.2010	12.3.2010–11.3.2014	6.25	—	1,650,000	(330,000)	—	1,320,000	—	1,320,000
	12.3.2009–11.3.2011	12.3.2011–11.3.2014	6.25	—	1,650,000	(330,000)	—	1,320,000	—	1,320,000
	12.3.2009–11.3.2012	12.3.2012–11.3.2014	6.25	—	1,650,000	(330,000)	—	1,320,000	—	1,320,000
	12.3.2009–11.3.2013	12.3.2013–11.3.2014	6.25	—	1,650,000	(330,000)	—	1,320,000	—	1,320,000
Employees	Immediate	12.3.2009–11.3.2014	6.25	—	2,310,000	—	(2,310,000)	—	—	—
	12.3.2009–11.3.2010	12.3.2010–11.3.2014	6.25	—	2,310,000	—	—	2,310,000	(2,310,000)	—
	12.3.2009–11.3.2011	12.3.2011–11.3.2014	6.25	—	2,310,000	—	—	2,310,000	—	2,310,000
	12.3.2009–11.3.2012	12.3.2012–11.3.2014	6.25	—	2,310,000	—	—	2,310,000	—	2,310,000
	12.3.2009–11.3.2013	12.3.2013–11.3.2014	6.25	—	2,310,000	—	—	2,310,000	—	2,310,000
				—	19,800,000	(1,650,000)	(3,630,000)	14,520,000	(2,310,000)	12,210,000
Exercisable at the end of the reporting period								—		1,320,000

The above share options were granted on 12 March 2009. The closing price of the Company's shares immediately before the date of grant of the options was HK$4.86 and the estimated fair values of the options at the date of grant ranged from HK$1.79 to HK$2.60 per option. These fair values were calculated using the Binomial Option Pricing model after taking into account the different vesting periods. The assumptions used for the calculation were as follows:

Closing share price at date of grant	HK$4.90
Exercise price	HK$6.25
Suboptimal exercise factor	2
Expected volatility	71.7%
Expected dividend yield	—
Risk free rate	1.6%

The variables and assumptions used above were based on the directors' best estimate. The value of an option varied with different variables of certain subjective assumptions.

In respect of the share options exercised during the year, the weighted average share price at the date of exercise is HK$13.78 (2009: HK$8.52).

During the year, the Group recognised share-based payment expense of RMB8,233,000 (2009: RMB16,791,000) in relation to the share options granted by the Company.

28. Acquisition of Subsidiaries

The Group acquired assets and liabilities by way of acquisition of equity interest in the following subsidiaries which are not businesses:

(i) On 25 December 2009, a 97.14% owned subsidiary of the Company acquired 95% equity interest in Yunnan Gudao at a cash consideration of RMB90,250,000. The principal asset of Yunnan Gudao is an exploration permit covering an area of 7.99 square kilometers in Fuyuan County, Yunnan Province, the PRC.

(ii) On 9 February 2010, a 97.14% owned subsidiary of the Company entered into an agreement with 赤峰鑫拓礦業投資有限公司, an independent third party, to acquire 100% equity interest in 上饒市金石礦業科技開發有限公司 ("Jinshi Mining") for a cash consideration of RMB60,000,000. Jinshi Mining is a limited liability company registered in the PRC and is engaged in the exploration of gold mine in the PRC. Upon completion of the transaction in April 2010, Jinshi Mining became an indirectly owned subsidiary of the Company. Details of the transaction are set out in the Company's announcement dated 9 February 2010.

The principal asset of Jinshi Mining is an exploration permit covering an area of 2.83 square kilometers in Hengfeng County, Shangrao City, Jiangxi Province, the PRC.

(iii) On 13 May 2010, a wholly-owned subsidiary of the Company entered into an agreement with Win Triumph Investments Limited, an independent third party, to acquire 100% equity interest in Great Future Investments Limited ("Great Future") for a cash consideration of US$70,000,000 (equivalent to approximately RMB478,100,000). Great Future is an investment holding company incorporated in the Cayman Islands whose principal asset is a 78.57% equity interest in 廣西金鼎礦業有限公司 ("Guangxi Jinding") which is a limited liability company registered in the PRC.

The principal assets of Guangxi Jinding are 13 exploration permits covering an area of 67.38 square kilometers in the Guangxi Zhuang Autonomous Region, the PRC.

Detail of the transaction is set out in the Company's announcement dated 13 May 2010. The transaction was completed in June 2010.

(iv) On 13 May 2010, a 97.14% owned subsidiary of the Company entered into an agreement with two independent third parties to acquire 100% equity interest in 柳州市元義礦業有限責任公司 ("Yuanyi Mining") for an aggregate consideration of US$60,000,000 (equivalent to approximately RMB409,800,000) to be satisfied partly by cash of RMB3,000,000 and partly by the issuance of 36,526,213 new ordinary shares in the Company. The share price on these new ordinary shares was HK$12.67 per share, which is average price of the ten working days prior to 13 May 2010 based on the terms set out in the agreement. Yuanyi Mining is a limited liability company registered in the PRC.

The principal asset of Yuanyi Mining is an exploration permit covering an area of 9.69 square kilometers in the Guangxi Zhuang Autonomous Region, the PRC.

Details of the transaction is set out in the Company's announcements dated 13 May 2010 and 4 June 2010. The transaction was completed in June 2010.

28. Acquisition of Subsidiaries (continued)

Effect of the acquisitions is summarised as follows:

	2010				2009
	Jinshi Mining RMB'000	Great Future RMB'000	Yuanyi Mining RMB'000	Total RMB'000	Total RMB'000
Consideration transferred:					
Cash paid	60,000	478,100	3,000	541,100	90,250
Ordinary shares of the Company issued	—	—	406,800	406,800	—
	60,000	478,100	409,800	947,900	90,250
Assets and liabilities recognised at the respective dates of acquisition:					
Property, plant and equipment	10	692	10	712	—
Exploration and evaluation assets	59,990	604,967	409,790	1,074,747	89,123
Deposit	—	—	—	—	5,700
Bank balances and cash	—	2,843	—	2,843	241
Other payable	—	—	—	—	(2)
	60,000	608,502	409,800	1,078,302	95,062
Non-controlling interests	—	(130,402)	—	(130,402)	(4,812)
	60,000	478,100	409,800	947,900	90,250
Net cash outflow arising on acquisition:					
Consideration paid in cash	60,000	478,100	3,000	541,100	90,250
Less: Bank balances and cash acquired	—	(2,843)	—	(2,843)	(241)
	60,000	475,257	3,000	538,257	90,009

The consideration for the above mentioned acquisitions were determined based on negotiations with vendors and by reference to the estimated mineral resources of the respective locations set out in respective technical reports and an adjusted average gold price.

29. Operating Lease Commitments

At the end of the reporting period, the Group had outstanding commitments payable under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2010 RMB'000	2009 RMB'000
Within one year	2,906	296
Between two and five years	5,017	172
	7,923	468

Lease terms are ranged from 1 to 3 years with fixed rentals.

30. Capital Commitment

	2010 **RMB'000**	2009 RMB'000
Capital expenditure in respect of exploration projects		
Contracted for but not provided in the consolidated financial statements	**72,754**	9,493
Authorised but not contracted for	**1,209,143**	—
	1,281,897	9,493

At 31 December 2009, the Group entered into a conditional agreement with a third party to acquire certain exploration and evaluation assets at a cash consideration to be determined by reference to the gold reserve of the relevant ore mines. The conditional agreement has been terminated during the year ended 31 December 2010.

31. Related Party Disclosures

The remuneration of directors and other members of key management during the year is as follows:

	2010 **RMB'000**	2009 RMB'000
Short-term benefits	**3,168**	2,454
Other long-term benefits	**61**	63
Equity-settled share-based payment expense	**3,747**	8,394
	6,976	10,911

32. Retirement Benefit Scheme

The Group participates in a state-managed defined contribution retirement scheme organised by the relevant local government authority in the PRC. Certain employees of the Group eligible to participate in the retirement scheme are entitled to retirement benefits from the scheme. The local government authority is responsible for the pension liabilities to these retired employees. The Group is required to make monthly contributions to the retirement scheme up to the time of retirement of the eligible employees, at 20% of the local standard basic salaries.

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the plans are held separately from those of the Group in funds under the control of trustee.

At the end of the reporting period, the Group had no significant obligation apart from the contribution as stated above.

33. Particulars of the Company's Subsidiaries

Details of the Company's subsidiaries at 31 December 2010 and 31 December 2009 are as follows:

Name of subsidiary	Place of incorporation/ registration	Issued and fully paid up share capital/ registered capital	Attributable equity interest held by the Company				Principal activities
			2010		2009		
			Directly	Indirectly	Directly	Indirectly	
Lita Investment Limited	British Virgin Islands	US$55,942,117	100%	—	100%	—	Investment holding
Rich Vision Holdings Limited	Hong Kong	HK$1	—	100%	—	100%	Inactive
富邦工業(惠州)有限公司 Fubon Industrial (Huizhou) Co., Ltd.* (note i)	PRC	HK$437,000,000	—	100%	—	97.14%	Investment holding
赤峰富僑礦業有限公司 Chifeng Fuqiao Mining Co., Ltd.* (note ii)	PRC	RMB5,000,000	—	100%	—	97.14%	Investment holding
赤峰石人溝金礦有限責任公司 Chifeng Shirengou Mining Co., Ltd.* (note ii)	PRC	RMB600,000	—	100%	—	97.14%	Exploration, mining and processing of gold ore and sale of concentrates in the PRC
赤峰南台子金礦有限公司 Chifeng Nantaizi Mining Co., Ltd.* (note ii)	PRC	RMB1,000,000	—	100%	—	97.14%	Exploration, mining and processing of gold ore and sale of concentrates in the PRC
巴林左旗國濤礦產品貿易有限責任公司 Balinzuo Banner Guotao Materials Products Trading Co., Ltd.* (note ii)	PRC	RMB1,000,000	—	100%	—	97.14%	Exploration, mining and processing of gold ore and sale of concentrates in the PRC
雲南古道礦業有限公司 Yunnan Gudao Mining Limited* (note ii)	PRC	RMB6,000,000	—	95%	—	92.28%	Exploration of gold mine in the PRC
上饒市金石礦業科技開發有限公司	PRC	RMB5,000,000	—	100%	—	—	Exploration of gold mine in the PRC
廣西金鼎礦業有限公司	PRC	US$3,300,000	—	78.57%	—	—	Exploration of gold mine in the PRC
柳州市元義礦業有限責任公司	PRC	RMB3,000,000	—	100%	—	—	Exploration of gold mine in the PRC
Great Future Investments Limited	Cayman Islands	US$1,000	—	100%	—	—	Investment holding

Notes:

i. *A Sino-foreign equity joint venture.*

ii. *A limited liability company.*

* *English translated name is for identification only.*

34. Financial Information of the Company

Financial information of the Company at the end of the reporting period are as follows:

	2010 RMB'000	2009 RMB'000
Non-current assets		
Property, plant and equipment	2,052	2,710
Investments in subsidiaries	387,521	387,521
	389,573	390,231
Current assets		
Loan receivables	—	426,997
Other receivables	815	66
Amount due from subsidiaries	1,332,010	280,745
Bank balances and cash	1,423,794	698,022
	2,756,619	1,405,830
Current liabilities		
Other payables	1,681	3,576
Net current assets	2,754,938	1,402,254
	3,144,511	1,792,485
Capital and reserves		
Share capital	796,494	675,383
Reserves	2,348,017	1,117,102
	3,144,511	1,792,485

✦ FINANCIAL SUMMARY

Consolidated Statement of Comprehensive Income

For the year ended 31 December

	2010 RMB'000	2009 RMB'000	2008 RMB'000	2007 RMB'000	2006 RMB'000
Revenues	**1,368,227**	1,011,154	312,262	8,007	—
Profit (loss) before taxation	**1,107,843**	736,301	184,472	(1,699)	(118)
Taxation	**(299,339)**	(193,043)	(74,717)	(606)	—
Profit (loss) after taxation	**808,504**	543,258	109,755	(2,305)	(118)
Non-controlling interests	**(10,460)**	(16,582)	(5,850)	60	—
Profit (loss) attributable to shareholders	**798,044**	526,676	103,905	(2,245)	(118)
Earnings (loss) per share					
Basic	**RMB95.15 cents**	RMB78.59 cents	RMB47.31 cents	(2,245)	(118)

Consolidated Statement of Financial Position

At 31 December

	2010 RMB'000	2009 RMB'000	2008 RMB'000	2007 RMB'000	2006 RMB'000
Assets					
Property, plant and equipment	**456,570**	378,497	316,160	21,963	1,667
Mining rights	**168,028**	180,414	190,719	195,343	44,500
Exploration and evaluation assets	**1,261,343**	89,123	—	—	—
Prepaid lease payment	**5,834**	5,959	6,084	147	—
Current assets	**3,018,110**	2,423,884	69,096	31,906	15
Total assets	**4,909,885**	3,077,877	582,059	249,359	46,182
Equity and liabilities					
Share capital	**796,494**	675,383	387,522	—	—
Reserves	**3,793,887**	1,808,309	109,330	(2,378)	(133)
Shareholders' funds	**4,590,381**	2,483,692	496,852	(2,378)	(133)
Non-controlling interests	**135,074**	37,122	15,728	190	—
Total equity	**4,725,455**	2,520,814	512,580	(2,188)	(133)
Current liabilities	**167,031**	539,664	52,080	250,872	46,315
Non-current liabilities	**17,399**	17,399	17,399	675	—
Total equity and liabilities	**4,909,885**	3,077,877	582,059	249,359	46,182