Wanguo International Mining Group Limited
萬國國際礦業集團有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 3939

Integrate resources, create values, build benefits and contribute to the society

Annual Report 2014

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors:

Gao Mingqing *(Chairman, Chief Executive Officer)*
Gao Jinzhu
Xie Yaolin
Liu Zhichun

Non-executive Directors:

Li Kwok Ping
Lee Hung Yuen
Wen Baolin

Independent non-executive Directors:

Lu Jian Zhong
Qi Yang
Shen Peng
Li Hongchang

AUDIT COMMITTEE

Shen Peng *(Chairman)*
Qi Yang
Lu Jian Zhong
Li Hongchang

REMUNERATION COMMITTEE

Qi Yang *(Chairman)*
Lu Jian Zhong
Liu Zhichun

NOMINATION COMMITTEE

Shen Peng *(Chairman)*
Qi Yang
Gao Jinzhu

COMPANY SECRETARY

Wong Chi Wah (HKICPA, FCCA)

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Xinzhuang Township
Yifeng County
Jiangxi Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1, 28/F
Singga Commercial Centre
144–151 Connaught Road West
Hong Kong

REGISTERED OFFICE

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113 South Church Street
P.O. Box 10240
Grand Cayman, KY1-1002
Cayman Islands

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman
KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F, One Pacific Place
88 Queensway
Hong Kong

LEGAL ADVISER

Brandt Chan & Partners
in association with Dentons HK LLP
3201 Jardine House
1 Connaught Place
Central
Hong Kong

PRINCIPAL BANKER

Bank of China, Yifeng Branch
239 Xinchang West Street
Yifeng County
Jiangxi Province
PRC

STOCK CODE

3939

COMPANY WEBSITE

www.wgmine.com

CHAIRMAN'S STATEMENT

" The Group will continue to finish its expansion plan and improve its operating efficiency in 2015."

Chairman and Chief Executive Officer

Dear Shareholders,

On behalf of the board of Directors (the "Board") of Wanguo International Mining Group Limited (the "Company"), I am pleased to present the audited result of the Company and its subsidiaries (collectively referred to as the "Group") for the financial year ended 31 December 2014.

In 2014, metal market continued slipping downwards, except for zinc. During 2014, copper price fell sharply to RMB37,100 per tonne after outbreak of "Chao Ri debt" (超日債) incident in March 2014, which recorded the lowest price since 2010. With several micro-stimulation policies exercised by the PRC government as well as sign of recovery in the US economy in the second quarter of 2014, resulted in an increase in copper price to RMB42,400 per tonne. However, starting from the second half of 2014, weakening micro-stimulation effect and pessimism of China's economy had brought copper price slipping continuously and closed at RMB38,600 per tonne by end of 2014.

China was still the largest importer for iron ore and the volume of iron ore imported attained 778,858k tonnes during the first ten months in 2014, representing an increase of 16.4% compared to the corresponding period in 2013. This was mainly attributable to a more competitive cost offered from imported iron ore under low shipment costs. Nevertheless, the domestic iron price was in decreasing trend in 2014. Arbitrage in trade financing had led to outbreak of China Banking Regulatory Commission investigation and pushed the domestic iron price further declined.

However, performance of zinc was sharp in 2014. It continued the increasing trend from 2013. With shortage of supply and substantial long position in the future market, it had resulted in an increased zinc price to RMB10,750 per tonne and recorded the highest price since the beginning of 2013, during July 2014.

CHAIRMAN'S STATEMENT

For the year ended 31 December 2014, the Group mined 573,915 tonnes of ores, of which it sold copper in copper concentrates of 2,540 tonnes, iron concentrates of 103,490 tonnes, zinc in zinc concentrates of 2,783 tonnes, sulfur concentrates of 117,432 tonnes, gold of 60 kg and silver of 5,560 kg. We achieved revenue of RMB219.2 million, gross profit of RMB86.9 million and profit attributable to owners of the Company of RMB24.0 million.

In view of a number of uncertainties and unfavourable factors such as possibility of increase in interest rate in US, economy recovery in Europe and sustainability of growth in China, it may further cause metal prices fluctuation in the coming year. The Group will continue to finish its expansion plan and improve its operating efficiency in 2015. To achieve business expansion, the Group wishes to complete the acquisition of Walege lead-mine located in Changdu County, Changdu, Tibet Autonomous Region, the PRC this financial year. Furthermore, the Group will continue to conduct exploration in Australia for the purpose of increasing our mineral resources.

On behalf of the Group, I would like to take this opportunity to express my sincere gratitude to all of our customers, business partners and investors for their support and trust to the Group. In addition, I would like to express my heartfelt thanks to our Directors and employees for their dedication and contribution to the Group.

By order of the Board

Gao Mingqing
Chairman and Chief Executive Officer
18 March 2015

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

For 2014, the commodity market faced various difficulties.

The increased oil supply in the Middle East, combined with weakening expectations for the global economy and world oil consumption, has pushed oil prices down in 2014. In addition, the fear of economy slowdown in China, made no sign of recovery in demand in metal market. Different metal markets in China experienced different level of price fluctuations in 2014. However, the overall demand in China was still increasing.

Copper

According to World Bureau of Metal Statistics (世界金屬統計局), between January and November 2014, world mine production was 16.83 million tonnes which was 0.84% higher than that in the same period in 2013. Global consumption between January and November 2014 was 21,054,000 tonnes compared to 21,040,000 tonnes for the whole year of 2013. Chinese apparent consumption in January to November 2014 rose by 1,345,000 tonnes to 10,249,000 tonnes which represented almost 49% of the global demand.

Iron

According to World Steel Association (世界鋼鐵協會), world crude steel production reached 1,662 million tonnes for the year 2014, increased by 1.2% compared to 2013.

China's crude steel production in 2014 reached 822.7 million tonnes, representing an increase of 0.9% from 2013. China's share of world crude steel production however, decreased slightly from 49.7% in 2013 to 49.5% in 2014.

Zinc

According to World Bureau of Metal Statistics (世界金屬統計局), from January to November 2014, there was a deficit of 232,000 tonnes in global zinc market compared to a surplus of 94,000 tonnes recorded in the whole year of 2013. London Metal Exchange ("LME") stocks, which represent 59% of the global total, fell by 252,000 tonnes in November 2014. Chinese demand for zinc rose by 5.8% compared with the previous year.

World demand for zinc was 600,000 tonnes higher than the same period in 2013 during the period from January to November 2014. China apparent demand for zinc was 5,825,000 tonnes which is over 46% of the global total.

Gold and Silver

In 2014, the international spot gold price opened at US$1,202.30 per ounce, and closed at US$1,183.90 per ounce as at 31 December 2014, representing a slight fall of 1.5%. According to World Gold Council, the scale of 2013's exceptional consumption overshadowed the market, dictating a 39% year-on-year decline in the third quarter of 2014. Demand, however, was broadly in line with the first three quarters in 2012.

With the outbreak of tension between Ukraine and Russia and worsen US economy indices in the beginning of 2014, it has given a favourable impact to the rise of gold price. The growth of US economy and stronger US dollar, as well as fear of rise in interest rate have resulted in the continuous decrease of gold price since August 2014.

According to Bloomberg, the price of silver raised to a peak at US$22.05 per ounce by end of February 2014 from US$19.37 per ounce at the beginning of 2014, and kept falling until early July at US$21.41 per ounce. It then continued to drop and closed at US$16.24 per ounce by end of 2014.

The weak economy in both China and Europe caused downturn pressure on silver price in 2014. The decline in demand of silver for industrial use also resulted in a drop in silver price.

BUSINESS REVIEW

Our Group is principally engaged in the business of mining, ore processing and sale of concentrates products in the PRC.

Currently, we, through our wholly-owned subsidiaries, own the entire equity interest in Jiangxi Province Yifeng Wanguo Mining Company Limited ("Yifeng Wanguo") which in turn owns the Xinzhuang Mine in which we conduct underground mining. The Xinzhuang Mine has a substantial volume of non-ferrous polymetallic mineral resources. Products of our Group primarily include copper concentrates, iron concentrates, zinc concentrates, sulfur concentrates as well as by-products of gold and silver.

EXPANSION IN EXISTING MINE

We have completed major upgrading projects in Xinzhuang Mine during the year. We had reached 600,000 tonnes per annum ("tpa") in both mining capacity and processing capacity by the end of 2014 from 500,000 tpa in 2013 in accordance with our expansion plan as disclosed in the prospectus of our Company dated 28 June 2012 (the "Prospectus"). According to the Independent Technical Expert's Report in the Prospectus, the reserves at the Xinzhuang Mine were estimated to be sufficient for production at the planned long term production rate of 600,000 tpa for approximately 31 years.

EXPANSION IN SURROUNDING AREAS

According to the Independent Technical Expert's Report in the Prospectus, there are significant additional defined mineral resources outside the planned mining area in the Xinzhuang Mine within the boundary covered by the current mining licence held by the Group. On 20 November 2012, Yifeng Wanguo entered into an exploration agreement (the "Exploration Agreement") with the Bureau of Geology and Mineral Exploration of Jiangxi Province (江西省地質礦產勘查開發局) (the "Jiangxi Geology Bureau"). By the end of 2013, Jiangxi Geology Bureau has completed the field exploration work. A Mineral Resources Verification Report (資源儲量核實報告) has been finished and approved by Jiangxi Province Land Resources Bureau in April 2014 and obtained registration in December 2014. The Board intends to apply for an increase in its mining capacity set forth in its mining license, thereby enhancing the competitiveness of the Group in the future with the increased capacities and annual total production volume.

HORIZONTAL EXPANSION

We intend to expand our mineral resources and ore reserves through the acquisitions of new mines. We will consider and balance assessment criteria carefully in respect of our acquisition targets, in order to pursue acquisitions prudently with a view to further growing our business and maximising returns to the shareholders of the Company (the "Shareholders").

On 16 May 2014, Yifeng Wanguo and Taylor Investment International Limited ("HK Taylor"), both being the wholly-owned subsidiaries of the Company, entered into two equity transfer agreements ("Acquisition Agreement(s)") with Mr. Liu Dingbo, Mr. Yang Zhi and Mr. Wen Baolin (collectively referred as "Vendors") pursuant to which Yifeng Wanguo and HK Taylor have conditionally agreed to acquire and the Vendors have conditionally agreed to dispose of 51% equity interests in Xizang Changdu County Dadi Mining Company Limited ("Xizang Changdu") in the consideration of RMB239.7 million in aggregate.

The exploration right of Xizang Changdu covers an area for exploration of approximately 21.87 sq. km. As of the date of Acquisition Agreements, it had completed advanced exploration stage. The following table shows the estimated resources of Xizang Changdu under JORC code.

2014 Mineral Resources estimate
Grade Tonnage Reported above a Cut-off Grade of 2.5% Pb

Category	**Tonnes** (Mt)	**Grade** (Pb %)	**Ag** (g/t)	**Lead Metal** (1,000t)	**Silver Metal** (1,000Kg)
Indicated	6.70	4.64	63.34	311	424
Inferred	10.62	4.15	45.32	440	481
Totals	**17.32**	**4.34**	**52.29**	**751**	**905**

As at the date of this annual report, Xizang Changdu has not yet commenced any production. Pursuant to pre-feasibility report performed by Geology and Mineral Resource Company of Jiangxi Province (江西省地礦資源勘察開發有限公司), an independent professional mining consulting firm, it is expected to complete processing plants and commence production at Xizang Changdu within three years.

Since Xizang Changdu has substantial reserves of lead and silver, it is expected to be further exploited, and processing plants built upon completion by the Company and to contribute sales revenue and profits to the Group. Please refer to the Company's circular dated 29 August 2014 for details.

The Vendors have not fulfilled the conditions precedent within the designated timeframe, and as such, the Group has the right to terminate the aforesaid acquisition. As at the date of this annual report, the Group is negotiating with the Vendors to resolve the situation.

EXPLORATION ACTIVITIES IN AUSTRALIA

On 24 October 2014, the Company had entered into a Farm In Agreement and a Minerals Royalty Deeds with Snow Peak Mining Pty Limited ("SPM"), a company incorporated in Australia as a limited liability company in December 2012, pursuant to which the Company will perform exploration activities in the Regional Project and the Near Mine Project respectively. Both Regional Project and Near Mine Project are owned by SPM.

For the Regional Project, the Company will undertake a minimum of 150,000 metres of exploration drilling within three years in return for a stake in the Regional Project up to a maximum 50%. SPM will enter into a 50/50 joint venture with the Company in respect of the Regional Project provided that the Company has (i) successfully reached an additional JORC Measured Resource of 20,000,000 tonnes at a minimum average grade of greater than 1% copper or greater than 10% zinc plus lead; or (ii) completed a minimum of 150,000 metres of exploration drilling at the Regional Project.

For the Near Mine Project, the Company will develop or upgrade a minimum of 200,000 tonnes per year to JORC Reserve category in return for a Net Smelter Return ("NSR") in respect of each separate deposit within the Near Mine Project in which a JORC Reserve is defined by the Company. The NSR payable to the Company will be 3% for the first 1,000,000 tonnes mined and processed from each deposit, and 1.5% thereafter.

The Board believed that the possible exploration activities will result in further cooperation with SPM and expansion of our mineral resources and ore reserves in Australia, aiming at further growing our business and maximising returns to our Shareholders.

As at 31 December 2014, the Group has finished preliminarily survey and exploration. For details, please refer to the section "Exploration, Development and Mining Activities" on page 15 in this annual report.

MINERAL RESOURCES AND RESERVES

The Xinzhuang Mine Mineral Resource Summary — as at 31 December 2014

Mineralization Type	JORC Mineral Resource Category	Tonnage kt	Grades Cu %	Pb %	Zn %	TFe %	mFe %	Contained Metals Cu kt	Pb kt	Zn kt	TFe kt	mFe kt
Cu-Fe	Measured	5,801	0.80	–	–	–	–	46.51	–	–	–	–
	Indicated	12,646	0.69	–	–	–	–	87.55	–	–	–	–
	Subtotal	18,447	0.73	–	–	–	–	134.06	–	–	–	–
	Inferred	900	0.46	–	–	–	–	4.16	–	–	–	–
	Total	19,347	0.71	–	–	–	–	138.22	–	–	–	–
Fe-Cu	Measured	2,246	0.20	–	–	43.45	31.03	4.51	–	–	976.00	696.89
	Indicated	3,913	0.34	–	–	39.94	26.28	13.49	–	–	1,562.92	1,028.47
	Subtotal	6,160	0.29	–	–	41.22	28.01	18.00	–	–	2,538.92	1,725.36
	Inferred	319	0.52	–	–	44.16	31.05	1.66	–	–	141.00	99.00
	Total	6,479	0.30	–	–	41.37	28.16	19.66	–	–	2,679.92	1,824.36
Cu-Pb-Zn	Measured	2,044	0.12	0.95	5.11	–	–	2.52	19.42	104.42	–	–
	Indicated	2,578	0.10	1.79	3.83	–	–	2.64	46.03	98.81	–	–
	Subtotal	4,622	0.11	1.42	4.40	–	–	5.16	65.45	203.23	–	–
	Inferred	358	0.15	0.39	4.33	–	–	0.52	1.41	15.52	–	–
	Total	4,980	0.13	1.34	4.39	–	–	5.68	66.86	218.75	–	–
Total	Measured	10,092	–	–	–	–	–	53.54	19.42	104.42	976.00	696.89
	Indicated	19,137	–	–	–	–	–	103.68	46.03	98.81	1,562.92	1,028.47
	Subtotal	29,229	–	–	–	–	–	157.22	65.45	203.23	2,538.92	1,725.36
	Inferred	1,577	–	–	–	–	–	6.34	1.41	15.52	141.00	99.00
	Total	30,806	–	–	–	–	–	163.56	66.86	218.75	2,679.92	1,824.36

Notes:

(1) The mineral resources also contain meaningful amounts of gold and silver. Based on limited composite sample analysis, the average grade is 0.19 g/t for gold and 13.1 g/t for silver in the Cu-Fe resource, 0.17 g/t for gold and 5.7 g/t for silver in the Fe-Cu resource, and 0.61 g/t for gold and 56.7 g/t for silver for the Cu-Pb-Zn resource.

(2) The mineral resource and ore reserve estimates prepared in accordance with JORC Code are based on information up to 31 December 2011, as disclosed in the Appendix V of the Prospectus. Please refer to the same for details of the assumptions and parameters used to calculate these resource and reserve numbers and qualities of metals.

(3) There was no material change in these estimates during the period from 31 December 2011 to 31 December 2014.

The Xinzhuang Mine Ore Reserve Summary — as at 31 December 2014

Mineralization Type	JORC Ore Reserve Category	Tonnage kt	Grades Cu %	Grades Pb %	Grades Zn %	Grades TFe %	Grades mFe %	Contained Metals Cu kt	Contained Metals Pb kt	Contained Metals Zn kt	Contained Metals TFe kt	Contained Metals mFe kt
Cu-Fe	Proved	4,360	0.77	–	–	–	–	33.59	–	–	–	–
	Probable	5,347	0.68	–	–	–	–	36.11	–	–	–	–
	Total	9,707	0.72	–	–	–	–	69.70	–	–	–	–
Fe-Cu	Proved	2,346	0.23	–	–	37.72	32.77	5.31	–	–	885.00	768.89
	Probable	2,342	0.33	–	–	28.76	24.21	7.80	–	–	673.79	567.01
	Total	4,689	0.28	–	–	33.25	28.49	13.11	–	–	1,558.79	1,335.90
Cu-Pb-Zn	Proved	1,481	0.10	0.88	4.82	–	–	1.42	13.03	71.34	–	–
	Probable	1,150	0.06	1.34	3.43	–	–	0.72	15.45	39.44	–	–
	Total	2,631	0.08	1.08	4.21	–	–	2.14	28.48	110.78	–	–
Total	Proved	8,188	–	–	–	–	–	40.32	13.03	71.34	885.00	768.89
	Probable	8,839	–	–	–	–	–	44.63	15.45	39.44	673.79	567.01
	Total	17,027	–	–	–	–	–	84.95	28.48	110.78	1,558.79	1,335.90

Notes:

(1) The ore reserves also contain meaningful amounts of gold and silver. Based on limited composite sample analysis, the average grade is 0.19 g/t for gold and 13.1 g/t for silver in the Cu-Fe resource, 0.17 g/t for gold and 5.7 g/t for silver in the Fe-Cu resource, and 0.61 g/t for gold and 56.7 g/t for silver for the Cu-Pb-Zn resource.

(2) The mineral resource and ore reserve estimates prepared in accordance with JORC Code are based on information up to 31 December 2011, as disclosed in the Appendix V of the Prospectus. Please refer to the same for details of the assumptions and parameters used to calculate these resource and reserve numbers and qualities of metals.

(3) There was no material change in these estimates during the period from 31 December 2011 to 31 December 2014.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by 16.1% from approximately RMB261.4 million in 2013 to approximately RMB219.2 million in 2014. The decrease was primarily attributable to the decrease in the average prices of copper in copper concentrates, iron concentrates and sulfur concentrates under the slowdown of China's economy.

For the year ended 31 December 2014, we sold 2,540 tonnes of copper in copper concentrates, 103,490 tonnes of iron concentrates and 117,432 tonnes of sulfur concentrates, compared to 2,749 tonnes, 101,669 tonnes and 108,092 tonnes respectively for the year ended 31 December 2013, representing decrease of approximately 7.6%, increase of approximately 1.8% and 8.6%, for copper in copper concentrates, iron concentrates and sulfur concentrates, respectively. Decrease in volume of copper in copper concentrates was attributable to low grading of ores mined and low recovery rate during ore processing. Completion of upgrading Concentrator No.1 system in September 2014 doubled up the production capacity and resulted in increase in iron concentrates and sulfur concentrates.

The average prices of copper in copper concentrates, iron concentrates and sulfur concentrates in 2014 were RMB34,635, RMB557 and RMB212 per tonne respectively, compared to RMB39,265, RMB740 and RMB219 per tonne respectively in 2013, representing a decline of approximately 11.8%, 24.7% and 3.2% respectively. Most of the metals prices have been slipping downwards continuously. Our Directors believe that such decrease was mainly due to the drop in demand caused by the pessimism in China's economy.

Cost of sales

Overall, our cost of sales increased by approximately 2.6% from approximately RMB128.9 million in 2013 to approximately RMB132.3 million in 2014. The increase was mainly due to the increase in subcontracting fee under expansion of our production scale.

Gross profit and gross profit margin

The overall gross profit of our Group for the year ended 31 December 2014 was approximately RMB86.9 million, which represented a decrease of approximately 34.4% compared to approximately RMB132.5 million for the year ended 31 December 2013. Our overall gross profit margin decreased from approximately 50.7% for the year ended 31 December 2013 to approximately 39.6% for the year ended 31 December 2014. Such decrease was mainly attributable to the decline in the selling prices of the concentrates and increase in costs of production.

Other income

Our other income comprised mainly bank interest income of approximately RMB0.4 million and government grant and subsidy to Yifeng Wanguo in relation to the mining technology improvement of approximately RMB0.6 million for the year ended 31 December 2014. Other income decreased by approximately RMB8.3 million compared with 2013, which was attributable to the decrease in bank balance and no income tax refund in relation to the incentive policy for foreign investment in Jiangxi Province.

Other gains and losses

Our other gains and losses increased by approximately RMB12.0 million, which comprised mainly gain on investment in structured deposits of approximately RMB2.2 million and unrealised exchange gain of approximately RMB0.4 million as a result of appreciation of Hong Kong dollars against Renminbi as at 31 December 2014. No unrealised exchange loss was incurred in 2014 as compared with an approximately RMB11.7 million of unrealised exchange loss arising from the depreciation of Australian dollars deposits against Renminbi incurred in 2013.

Selling and distribution expenses

Our selling and distribution expenses decreased by approximately 13.8% from approximately RMB2.9 million for the year ended 31 December 2013 to approximately RMB2.5 million for the year ended 31 December 2014. The decrease was mainly attributable to the decrease in the railway and transportation fees as result of increase in the number of nearby customers.

Administrative expenses

Our administrative expenses increased by approximately 7.7% from approximately RMB32.7 million in 2013 to approximately RMB35.2 million in 2014. The increase was principally attributable to the increase in depreciation, as a result of completion of construction of new office building and mining and ore processing facilities during 2014.

Fair value gain on derivative financial instruments

By end of 2013, all the forward foreign exchange contracts in respect of Australian dollars time deposits were matured and settled. As a result, no fair value gain on derivative financial instruments was incurred in 2014.

Finance costs

Our finance costs increased by approximately 9.2% from approximately RMB12.0 million in 2013 to approximately RMB13.1 million in 2014, primarily due to the decrease in the capitalisation of interest expense resulting from the completion of construction of new staff quarter and increase in imputed interest expenses.

Income tax expense

Our income tax expense was approximately RMB15.1 million in 2014, consisting of PRC corporate income tax payable of approximately RMB14.3 million and withholding tax payable of approximately RMB0.8 million. Our income tax expense was approximately RMB28.7 million in 2013, consisting of PRC corporate income tax payable of approximately RMB27.2 million and withholding tax payable of approximately RMB1.5 million.

The decrease in our income tax expense in 2014 was primarily due to the decrease in the PRC corporate income tax expenses resulting from the decrease in operating profit.

Profit and total comprehensive income

As a result of the foregoing, our profit after taxation decreased by approximately 63.8%, or approximately RMB42.3 million, from approximately RMB66.3 million for the year ended 31 December 2013 to approximately RMB24.0 million for the year ended 31 December 2014. Our net profit margin decreased from approximately 25.4% for the year ended 31 December 2013 to approximately 11.0% for the year ended 31 December 2014 as a result of the decrease in revenue and drop in metal prices.

Analysis of property, plant and equipment and construction in progress

As at 31 December 2014, the Group's property, plant and equipment and construction in progress were approximately RMB339.1 million, representing an increase of RMB48.6 million or 16.7% over last year, mainly due to purchase of mining equipment, upgrading of ore processing facilities and construction of mining structures under our 600,000 tpa expansion project.

Analysis of inventories

Inventories consist of raw materials, ore, concentrates and other ore commodities. Raw materials mainly include forged steel grinding balls, explosives, chemical products and diesel oil used for the production of concentrates. As at 31 December 2014 and 2013, our inventories were approximately RMB21.6 million and approximately RMB13.9 million respectively. The increase in inventories was mainly due to the temporarily suspension of Concentrator No.1 system during the year, as a result of accumulation of unprocessed ores.

Analysis of trade receivables

Trade receivables represent receivables from the sale of concentrates. Our Group generally requests our concentrates customers to make a certain amount of down payment prior to delivery. For trade customers, our Group grants a credit period up to 60 days. As at 31 December 2014 and 2013, our trade receivables were approximately RMB7.4 million and RMB9.3 million respectively. The decrease in trade receivables as at 31 December 2014 was mainly due to the decrease in revenue.

Analysis of trade payables

Trade payables mainly consist of payables in respect of (i) the purchase of forged steel grinding balls and cement; (ii) construction fee payable to our contractors under the expansion plan; and (iii) fees payable to our third-party contractor, Wenzhou No. 2 Well and tunnel Construction Company, for our mining work. As at 31 December 2014 and 2013, our trade payables were approximately RMB11.7 million and approximately RMB6.9 million respectively. The increase was mainly attributable to the amount payable to our contractors regarding the completion of construction work in our processing system.

LIQUIDITY AND CAPITAL RESOURCES

Our liquidity requirements relate to funding working capital, capital expenditures, acquisition of mining right and maintaining cash reserves, which are funded by a combination of listing proceeds, bank borrowings as well as cash generated from operation.

The current ratio of the Group as at 31 December 2014 was 0.75 times as compared to 1.84 times as at 31 December 2013. It was mainly attributable to the increase in property, plant and equipment and bank loan.

Our Group had bank balances and cash of approximately RMB37.7 million as at 31 December 2014, compared to approximately RMB133.4 million as at 31 December 2013, of which approximately RMB1.0 million (2013: approximately RMB0.5 million) was denominated in Hong Kong dollars and Australian dollars. As at 31 December 2014, the Group recorded net assets and net current liabilities of approximately RMB272.4 million and approximately RMB34.0 million respectively. Such drop was attributable to drop in revenue resulted from decrease in revenue, coupled with the increase in investments in fixed assets for current expansion plan.

BORROWINGS

As at 31 December 2014, the Group had secured bank borrowings of RMB49.3 million in aggregate with maturity from one year to two years and effective interest rate of 4.32%.

GEARING RATIO

The Group's gearing ratio (representing total bank borrowings and payables to former non-controlling shareholder of a subsidiary divided by total assets) amounted to 38.4% (2013: 33.8%). The increase in gearing ratio was mainly attributable to the new bank borrowings of approximately RMB31.5 million for working capital purpose.

CASH FLOW

The following table sets out a condensed summary of our Group's consolidated statements of cash flow for 2014 and 2013:

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Net cash inflow from operating activities	**44,277**	93,549
Net cash (outflow)/inflow from investing activities	**(105,993)**	28,990
Net cash (outflow)/inflow from financing activities	**(33,875)**	(57,382)
Net (decrease)/increase in cash and cash equivalents	**(95,591)**	65,157
Effect of foreign exchange rate changes	**(339)**	(24)
Cash and cash equivalents at the beginning of the year	**133,447**	68,314
Cash and cash equivalents at the end of the year	**37,517**	133,447

Net cash flow from operating activities

For the year ended 31 December 2014, net cash inflow from operating activities amounted to approximately RMB44.3 million, which mainly comprised the profit before working capital changes of approximately RMB68.7 million, together with increase in trade and other payable of approximately RMB6.8 million and was offset by the increase in inventories of approximately RMB7.7 million and income tax paid of approximately RMB23.6 million.

Net cash flow from investment activities

Net cash outflow from investing activities amounted to approximately RMB106.0 million for the year ended 31 December 2014. It was primarily attributable to the purchases of property, plant and equipment of approximately RMB71.0 million, payment for evaluation and exploration assets of approximately RMB4.8 million and placement of structured deposits of approximately RMB31.5 million and was offset by receipt from disposal of property, plant and equipment of approximately RMB1.3 million. Substantial capital expenditures incurred was mainly attributable to the 600,000 tpa expansion project of Xinzhuang Mine.

Net cash flow from financing activities

Net cash outflow from financing activities amounted to approximately RMB33.9 million for the year ended 31 December 2014. This was principally due to repayment of bank loans and interests of approximately RMB11.3 million, redemption monies of approximately RMB10.0 million paid to a former non-controlling shareholder, as well as the dividend paid to the Shareholders of approximately RMB43.8 million and was offset by a new bank loan of approximately RMB31.2 million.

CAPITAL EXPENDITURES

The total capital expenditure of the Group decreased from approximately RMB110.2 million for the year ended 31 December 2013 to approximately RMB76.0 million for the year ended 31 December 2014, representing a decrease of approximately 31.0%. The capital expenditure in 2014 was primarily incurred from the purchase of mining equipment, upgrading of ore processing facilities and construction of mining structures under our 600,000 tpa expansion project at the Xinzhuang Mine.

CONTRACTUAL OBLIGATIONS AND CAPITAL COMMITMENT

As at 31 December 2014, the Group has entered into a non-cancellable operating lease with future payable of approximately RMB0.2 million for certain of the Group's properties.

As at 31 December 2014, the Group's capital commitments amounted to approximately RMB230.1 million, which was attributable to the contingent consideration payable to the Vendors of Xizang Changdu. At the date of this annual report, conditions precedent for the aforesaid acquisition of Xizang Changdu has not yet been satisfied.

As at 31 December 2014, the Group has entered the following commitments in relation to the acquisition of land use right and exploration and development of Xinzhuang mine.

	RMB'000
Land use right	11,750
Exploration projects	504
Three new shafts projects	14,131
Upgrading the processing plants	3,803
Other civil work under 600,000 tpa projects	9,748
	39,936

CONTINGENT LIABILITIES

As at 31 December 2014, the Group did not have any material contingent liabilities or guarantees.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the year ended 31 December 2014, the Group had no material acquisition and disposal of subsidiaries and associated companies.

CHARGE ON GROUP ASSETS

As at 31 December 2014, the Group's mining rights with carrying value of approximately RMB8.2 million (31 December 2013: approximately RMB8.6 million) and a structured deposit of approximately RMB33.7 million (31 December 2013: Nil) were pledged to secure the Group's bank borrowings.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's businesses are located primarily in the PRC and most of the transactions are conducted in Renminbi. Except for the Group's certain bank balance and cash denominated in Hong Kong dollars and Australian dollars, the majority of the Group's assets and liabilities are denominated in Renminbi.

As Renminbi fluctuates against Hong Kong dollars and Australian dollars in a limited extent during the year, the Group had no material adverse exposure to foreign exchange fluctuations during the year.

INTEREST RATE RISK

Our bank borrowings are denominated in Renminbi and Hong Kong dollars borrowed from domestic commercial banks and Hong Kong Branch of a domestic commercial bank at interest rates that are determined by reference to the benchmark interest rates set by the People's Bank of China ("PBoC") and Hong Kong Interbank Offered Rate ("HIBOR") respectively. Interest rates on our bank loans are subject to adjustments by our lenders in accordance with changes in the PBoC benchmark rates and HIBOR rate. We are exposed to interest rate risk resulting from changes in interest rates on our short-term and long-term bank borrowings. Increases in benchmark interest rates will increase the interest rates on our bank loans. Increases in interest rates will increase our expense on outstanding borrowings and the cost of new borrowings, and therefore could have a material adverse effect on our financial results. We have not used any interest rate swaps or other derivatives to hedge against interest rate risk.

FINANCIAL INSTRUMENTS

The Group's major financial instruments include trade and other receivables, structured deposit, bank balances and cash, restricted bank balance, trade and other payables, consideration payable to a former non-controlling shareholder of a subsidiary and secured bank borrowings.

FINAL DIVIDEND

The Board recommends to declare a final dividend of RMB2.67 cents (equivalent to approximately HK$3.33 cents) per share for the year ended 31 December 2014, representing approximately 66.5% of the profit and total comprehensive income attributable to owners of the Company respectively, payable to the Shareholders whose names appear on the register of members of the Company on 2 June 2015. Based on the number of issued shares of the Company as at 31 December 2014, this represents a total distribution of approximately HK$20.0 million or RMB16.0 million. Subject to the approval of the payment of the final dividend by the Shareholders at the annual general meeting to be held on 22 May 2015, it is expected that the proposed final dividend will be paid on or before 31 July 2015.

CLOSURE OF REGISTER OF MEMBERS

The final dividend is payable to the Shareholders whose names appear on the register of members of the Company at close of business on 2 June 2015. For determination of entitlement to the final dividend, the register of members of the Company will be closed from Friday, 29 May 2015 to Tuesday, 2 June 2015, both days inclusive. In order to qualify for the proposed final dividend, all share certificates with completed transfer forms, either overleaf or separately, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 28 May 2015.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2014, we had a total of 358 (2013: 375) full-time employees, excluding the independent third-party contractor which is responsible for underground mining work.

	Number
Underground technical and supporting mine workers	
— Safety supervision	20
— Mining and geological technical staff	11
— Mining record and surveying staff	10
— Geological drilling operators	12
— Ventilation and hauling facilities and water-pump operators and maintenance staff	88
— Backfilling team	24
Processing plant workers	86
Mine management and supporting staff	107
	358

The remuneration of the employees of the Group is based on their experience, qualifications, and competence. Other employees' benefits include contributions to statutory mandatory provident funds for our Hong Kong employees, and social insurance together with housing provident funds for our PRC employees.

EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES

Mineral exploration

For our current planned mining area, we have completed underground geological drilling of 13,063 m, with drill size of 60–90 mm for the year ended 31 December 2014. For the year ended 31 December 2014, we have also finished tunnel drilling of 1,709.5 m, resulted in total tunnel drilling of 7,330 m.

For outside planned mining area, the Group has conducted exploration work outside the planned mining area in the Xinzhuang Mine within the boundary covered by the current mining licence held by the Group under the Exploration Agreement with Jiangxi Geology Bureau. By the end of 2014, a Mineral Resources Verification Report has been submitted to Jiangxi Province Land Resources Bureau (江西省國土資源廳) for approval and registration.

For the exploration projects in Australia, the Group finished the soil geochemical sampling and geological survey work of 2.8 km^2 and 23.4 km^2 at Balcooma District and Einasleigh District respectively. It has also completed induced polarization measurement of 3.22 km^2 and ground precision magnetic survey of 3.81 km^2 in Einasleigh. The Group has located the possible prospecting area and will perform geologic drilling for verification in the next step.

For the year ended 31 December 2014, the total expenditure of mineral exploration was approximately RMB4.8 million.

Development

During 2014, the Group incurred development expenditure of approximately RMB71.2 million in respect of our expansion plan for 600,000 tpa as described in the Prospectus, mainly comprising:

(1) Three new shafts' projects

Ventilation shaft system:	Completion and in use since April 2014
Main shaft system:	Completion of wellbore installation as well as construction of collar set at shaft mouth; Completion of ground work of shaft tower and starting the main shaft tower in 2015
Auxiliary shaft system:	Completion of wellbore, ground's winding engine project and headframe transport installation

(2) Civil work projects

We have completed main constructions and operation platform of grinding-floatation level. Large-scale ball-grinding mill and relevant flotation equipment have been installed as well as water supply and drainage system was properly installed.

(3) Upgrading of Concentrator No. 1 system

By end of March 2014, Yifeng Wanguo temporarily suspended the Concentrator No. 1 system which is one of our two concentrator systems in our processing plants at Xinzhuang Mine from April 2014 to August 2014 for the purpose of upgrading and expanding its capacity under our expansion plan. Upgraded Concentrator No. 1 system has already been fully operated before end of 2014.

Detailed breakdown of development expenditure for the year ended 31 December 2014 is as follows:

	RMB' (million)
Land use right	**0.2**
Mining structures	**51.7**
Office buildings	**2.2**
Machinery and electronic equipment for process plants	**16.9**
Motor vehicles	**0.2**
	71.2

Mining activities

During 2014, we processed a total of 544,893 tonnes of ore in the Xinzhuang Mine. The volume of our concentrates products sold were 2,540 tonnes, 103,490 tonnes, 2,783 tonnes, 117,432 tonnes, 60 kg, 4,390 kg and 1,170 kg for copper in copper concentrates, iron concentrates, zinc in zinc concentrates, sulfur concentrates, gold in copper concentrates, silver in copper concentrates and silver in zinc concentrates, respectively.

During 2014, the Group incurred expenditures for mining and processing activities of RMB88.8 million (2013: RMB74.9 million) and RMB40.4 million (2013: RMB40.9 million) respectively. The unit expenditures for mining and processing activities were RMB154.7/t (2013: RMB139.5/t) and RMB74.2/t (2013: RMB79.8/t) respectively.

PROSPECT

We intend to continue to grow our business into a leading copper and iron mining company in the PRC through the following major strategies.

Growing production at our mine and outsourcing our mining works

The scale of our production operation in the Xinzhuang Mine has increased to our targeted mining capacity and processing capacity of 600,000 tpa by end of 2014. To minimise costs, we will continue to outsource our underground mining works to third-party contractors.

Exploring additional mineral resources in our mine

According to the Independent Technical Expert's Report disclosed in Appendix V of the Prospectus, there is a potential to explore additional mineral resources at the Xinzhuang Mine. We plan to conduct exploration activities in the surrounding areas of the Xinzhuang Mine and to commercialise any mineral resources discovered as a result of our exploration activities.

Horizontal expansion through future acquisitions of new mines

We intend to further expand our mineral resources and ore reserves through the acquisitions of new mines. We will consider and balance assessment criteria carefully in respect of our acquisition targets, in order to pursue acquisitions prudently with a view to further growing our business and maximising returns to the Shareholders.

We understand that the global economy is still weak, and expect that metal prices will continue to suffer short-term fluctuations and shocks in 2015. The Group will have a cautious optimistic attitude toward the trends in metal markets in 2015.

EXECUTIVE DIRECTORS

Mr. GAO Mingqing (高明清), aged 62, is our chairman, chief executive officer and executive Director. He has been the general manager of Yifeng Wanguo since November 2003. Mr. Gao was appointed as our executive Director on 13 May 2011. Mr. Gao has approximately 14 years of experience in the mining industry. He is primarily responsible for our business strategies planning, management and supervision of overall operations including production, business development and financing and investment activities of our Group. In January 2012, Mr. Gao received a second class China Nonferrous Metals Industry Science and Technology Award (中國有色金屬工業科學技術獎) from the China Nonferrous Metals Industry Association (中國有色金屬工業協會) and the Nonferrous Metals Society of China (中國有色金屬學會) in respect of the Integrated Technology for Complicated Hard-to-mine Heavy Water Deposits Safety Mining of the Xinzhuang Mine (新莊銅鋅礦複雜難採大水礦床安全開採綜合技術). Mr. Gao was recognised by the People's Government of Yichun Municipal (宜春市人民政府) as an Excellent Entrepreneur (優秀企業家) in 2007 and an Outstanding Individual in New Business Establishment (全民創業標兵) in 2007, 2008 and 2010. Mr. Gao is a cousin of Mr. Li Kwok Ping, our non-executive Director. Mr. Gao is also a director of Victor Soar Investments Limited, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Ms. GAO Jinzhu (高金珠), aged 55, is an executive Director and has been the deputy general manager of Yifeng Wanguo since January 2004. Ms. Gao was appointed as our executive Director on 13 May 2011. Ms. Gao has approximately 14 years of experience in the mining industry. She is primarily responsible for the human resources management of our Group. Ms. Gao completed the Business Administration Advance Research Program of the School of Continuing Education, Tsinghua University in July 2009. Ms. Gao is also a director of Achieve Ample Investments Limited, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. XIE Yaolin (謝要林), aged 51, an executive Director, has been our chief engineer and the mine manager of our Xinzhuang Mine since he joined our Group in July 2008. Mr. Xie was appointed as our executive Director on 12 June 2012. He is primarily responsible for the technical side of our mining operations, including supervising and managing production, operational safety and the development and planning of new mines. Mr. Xie has more than 30 years of experience in the mining industry, especially in the area of construction and design of mines and mining operations and management. He worked for Hunan Shuikoushan Non-Ferrous Metal Group Limited (湖南水口山有色金屬集團公司), previously known as Hunan Shuikou Mining Bureau (湖南水口山礦務局), from 1981 to 2008 where he was responsible for the general operations and management of mines including production management, construction management and mining technology implementation. In Hunan Shuikoushan Non-Ferrous Metal Group Limited, he last served as the chief engineer and deputy mine manager of Kangjiawan Mine (康家灣礦), a lead, zinc and gold mine in Hunan province. In January 2012, Mr. Xie received a second class China Nonferrous Metals Industry Science and Technology Award (中國有色金屬工業科學技術獎) from the China Nonferrous Metals Industry Association (中國有色金屬工業協會) and the Nonferrous Metals Society of China (中國有色金屬學會) in respect of the Integrated Technology for Complicated Hard-to-mine Heavy Water Deposits Safety Mining of the Xinzhuang Mine (新莊銅鋅礦複雜難採大水礦床安全開採綜合技術). Mr. Xie has been a committee member of the Mining Research and Development (礦業研究與開發), a magazine jointly published by the China Non-Ferrous Metal Association (中國有色金屬學會) and the Changsha Mining Research Institute (長沙礦山研究院), since September 2010. Mr. Xie was recognised as a senior engineer in geological investigation and mining exploration by Human Resources Office of Hunan Province (湖南省人事廳) in September 2001. He graduated from the China University of Geosciences (中國地質大學) with a bachelor's degree in hydrogeology in June 1989.

Mr. LIU Zhichun (劉志純), aged 47, an executive Director, has been the deputy general manager of Yifeng Wanguo since he joined our Group in January 2008. Mr. Liu was appointed as an executive Director on 12 June 2012. He is primarily responsible for the marketing and sale of our products. Mr. Liu has approximately 16 years of experience in general marketing and sales of mining products. Prior to joining us in 2008, Mr. Liu worked in Hunan Province Chejiang Copper Mine (湖南省車江銅礦) from 1991 to 1997 where he last served as the deputy manager of the business department. Mr. Liu received a bachelor's degree in history from the Hunan Science and Technology University (湖南科技大學), previously known as the Xiangtan Normal University (湘潭師範學院), in June 1991.

NON-EXECUTIVE DIRECTORS

Mr. LI Kwok Ping (李國平), aged 52, was appointed as our non-executive Director on 12 June 2012. He is primarily responsible for advising on marketing activities and expansion of client network and has been a director of Yifeng Wanguo since November 2007. Mr. Li has approximately 19 years of experiences in cross-border trading. He has been a director of Corbest Development Limited (高柏斯發展有限公司), a company engaged in the manufacture and trading of electronic products, since October 2000. Mr. Li is a cousin of Mr. Gao Mingqing, our chairman, chief executive officer and executive Director.

Mr. LEE Hung Yuen (李鴻淵), aged 44, was appointed as our non-executive Director on 12 June 2012. He is primarily responsible for advising on investment strategies and office administration. Mr. Lee has been a director of Yifeng Wanguo since November 2007 and has been the company secretary for HK Taylor since August 2010. Mr. Lee has approximately 19 years of experiences in business development and investment in China. He has been engaged in the manufacture and sale of electronic and light-emitting diode lighting products since 1995.

Mr. WEN Baolin (文保林), aged 55, was appointed as our non-executive Director on 12 June 2012 and has served as our technical adviser of Yifeng Wanguo on a part-time basis since December 2007. He is primarily responsible for advising on the development and design of our mine as well as operational management in respect of technical area. Mr. Wen has approximately 32 years of experience in the mining industry, especially in the area of development and design of mines. Prior to joining our Group, Mr. Wen worked for Hunan Shuikoushan Non-Ferrous Metal Group Limited (湖南水口山有色金屬集團公司), previously known as Hunan Shuikou Mining Bureau (湖南水口山礦務局), from 1982 to 2005 where he last served as the manager for material sourcing of a branch company in Hunan Shuikoushan Non-Ferrous Metal Group Limited. He was recognized as a senior engineer in non-ferrous mine processing by Human Resources Office of Hunan Province (湖南省人事廳) in 1993. Mr. Wen received a bachelor's degree in mine processing from the Central South University (中南大學), previously known as the Central South Mining College (中南礦冶學院), in July 1982.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. LU Jian Zhong (呂建中), aged 53, is our independent non-executive Director. Dr. Lu has approximately 14 years of experience in corporate senior management. He currently acts as of the vice president corporate affairs at Sateri Holdings Limited, a company listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (Stock Code: 1768) as well as the Group Executive Vice President of RGE Management (China) Co., Ltd, and the Chairman of Asia Symbol (Shandong) Pulp and Paper Co., Limited. Dr. Lu previously held various positions in BHP Billiton Limited, an international resources company listed on the London Stock Exchange (Stock Code: BLT) and Australian Securities Exchange (Stock Code: BHP), from March 2000 to July 2007. Dr. Lu was an expert in the United Nations from December 1994 to May 1997. Dr. Lu is a member of the Australian Institute of Management and a fellow of the World Academy of Productivity Science (WAPS). He graduated from Zhejiang University (浙江大學) with a bachelor's degree in engineering in July 1983. Dr. Lu was awarded a postgraduate degree in engineering of technological innovation from the Ecole Centrale Paris in 1990 and a doctor's degree in philosophy from the Royal Melbourne Institute of Technology in May 2000.

Mr. QI Yang (祁楊), aged 47, is our independent non-executive Director. Mr. Qi has joined Hunan Nonferrous Metals Holding Group Co., Ltd. (湖南有色金屬控股集團有限公司) ("HNG"), the parent company of Hunan Nonferrous Metals Corporation Limited (湖南有色金屬股份有限公司) ("HNL") whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 2626), since November 2006 and acted as the head of its legal affairs department. He currently acts as the head of office of the board of directors and a member of its investment audit committee of HNG. Mr. Qi has also been a supervisor of HNL since March 2009. He was awarded the "Pioneering Individual in Provincial Legal Affairs in Corporate Supervision" (省屬監管企業法律事務工作先進個人) in 2008 by the State-Owned Assets Supervision and Administration Commission of Hunan Provincial People's Government (湖南省人民政府國有資產管理監督管理委員會). Mr. Qi was qualified as a lawyer in the PRC in 1994. He graduated from the Zhongnan Institute of Politics and Law (中南政法學院) with a bachelor's degree in law in July 1991 and graduated as a research student in economic law from the Hunan University (湖南大學) in December 2002.

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

Mr. SHEN Peng (沈鵬), aged 39, is our independent non-executive Director and the chairman each of the Audit Committee and Nomination Committee of the Company. He has more than 16 years of experience in finance and mining industry of China and Australia. Mr. Shen currently acts as the Director of Carabella Resources Limited, whose shares were listed on the Australian Stock Exchange (Stock Code: CLR) and delisted on 19 February 2014. Prior to joining Carabella Resources Limited, he was the chief financial officer of Yancoal Australia Limited, whose shares are listed on the Australian Securities Exchange (Stock Code: YAL) from 2010 to 2013. Mr. Shen served the Shenhua Group Corporation Limited (神華集團有限責任公司), the parent company of China Shenhua Energy Company Limited (中國神華能源股份有限公司) ("China Shenhua") whose shares are dually listed on the Stock Exchange (Stock Code: 01088) and the Shanghai Stock Exchange (Stock Code: 601088), from 2004 to 2010 where he participated in the preparation for the listing of China Shenhua and held various positions in respect of financial management and analysis, investor relations and business restructuring. Mr. Shen worked in Deloitte Touche Tohmatsu CPA Ltd. Beijing Branch from 1998 to 2001. He graduated from the Central University of Finance and Economics (中央財經大學) with a bachelor's degree in economics in July 1998 and the University of Melbourne with a master's degree in applied finance in December 2003.

Mr. LI Hongchang (李洪昌), aged 67, is our independent non-executive Director. Mr. Li has over 40 years of experience in the mining and mineral resources industry. He has been an executive vice president (常務副會長) of Jiangxi Mining Council (江西省礦業聯合會) since September 2009. Prior to joining the Jiangxi Mining Council, Mr. Li held senior positions, such as inspector (巡視員) and deputy head (副廳長), in the Department of Land and Resources of Jiangxi Province (江西省國土資源廳) from 2000 to 2008. From 1968 to 2000, Mr. Li worked at the Bureau of Geology and Mineral Exploration of Jiangxi Province (江西省地質礦產勘查開發局) where he last served as deputy head of bureau (副局長). Mr. Li graduated from Beijing Geological Management Institute (北京地質管理幹部學院) in 1987.

SENIOR MANAGEMENT

Mr. WONG Chi Wah (王志華), FCCA, HKICPA, aged 40, is our chief financial officer and company secretary. He was appointed as chief financial officer and company secretary in July 2011 and May 2012 respectively. Mr. Wong is responsible for the management of our Group's financial matters. He has approximately 19 years of experience in auditing and accounting fields. Prior to joining our Group, Mr. Wong was the chief financial controller and company secretary of China Automotive Interior Decoration Holdings Limited (Stock Code: 8321), a company listed on the Growth Enterprise Market of the Stock Exchange from February 2010 to June 2011. Mr. Wong received a bachelor degree in accountancy from the Hong Kong Polytechnic University in 1996. He is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to protect the interests of the shareholders of the Company. the Company's corporate governance practices are based on principles, code provisions and certain recommended best practices as set out in the Corporate Governance Code ("CG Code") in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Except for the deviation from code provisions A.2.1, A.2.7 and A.6.7 of the CG Code as described in the relevant paragraph of this corporate governance report, the Company had complied with the CG Code for the year ended 31 December 2014.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry with all Directors, the Company confirmed that all Directors have complied with the code of conduct and the Model Code for the year ended 31 December 2014.

The Company has also established written guidelines on terms no less exacting than the Model Code (the "Employees Written Guidelines") for securities transactions by relevant employees who are likely to possess inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company.

BOARD OF DIRECTORS

As at the date of this report, the Board comprised four executive Directors, three non-executive Directors and four independent non-executive Directors as follows:

Executive Directors

Mr. Gao Mingqing *(Chairman)*
Ms. Gao Jinzhu
Mr. Xie Yaolin
Mr. Liu Zhichun

Non-executive Directors

Mr. Li Kwok Ping
Mr. Lee Hung Yuen
Mr. Wen Baolin

Independent non-executive Directors

Dr. Lu Jian Zhong
Mr. Qi Yang
Mr. Shen Peng
Mr. Li Hongchang

The composition of the Board is well balanced with each Director having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group. The biographical details of the Directors and the relationship among the members of the Board are set out in the "Biographical Information of Directors and Senior Management" on pages 17 to 19 of this annual report.

The Company has arranged for appropriate insurance cover to protect Directors from possible legal action against them.

In addition, the Company has maintained a procedure for the Directors to seek independent professional advice, in appropriate circumstances, at the Company's expense in discharging their duties to the Company.

BOARD OF DIRECTORS *(Continued)*

Generally, the responsibilities of the Board include:

- Formulation of overall strategic development of the Group;
- Monitoring the financial performance and internal control of the Group's business operations;
- Material acquisitions, investments, disposal of assets or any significant capital expenditure;
- Appointment, removal or reappointment of Board members and auditors;
- Remuneration of Directors; and
- Recommendation and declaration of any interim and final dividends.

As at 31 December 2014 the Board complied with the requirement of the Listing Rules relating to the appointment of at least three independent non-executive Directors and at least one of them has appropriate professional qualifications or accounting or related financial management expertise. The number of independent non-executive Directors is at least one-third of the Board. The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers all the independent non-executive Directors to be independent.

The Company held ten Board meetings during the year, in which four Board meetings were held regularly for reviewing and approving the financial and operating performance and considering the overall strategies and policies of the Group, three Board meetings were held for reviewing and approving the connected transaction, and reviewing and approving the agreements in relation to the acquisition of 51% equity interest in Xizang Changdu and publication of relevant announcements and circular; the remaining three Board meetings were held for reviewing and approving exploration agreements in Australia with SPM and publication of relevant announcements.

The following table shows the number of attendance of individual Directors at the Board and annual general meetings held during the year:

	No. of Attendance	
Members	**Board meeting**	**Annual general meeting**
Executive Directors		
Mr. Gao Mingqing	10/10	1/1
Ms. Gao Jinzhu	10/10	1/1
Mr. Xie Yaolin	10/10	1/1
Mr. Liu Zhichun	9/10	1/1
Non-executive Directors		
Mr. Li Kwok Ping	8/10	1/1
Mr. Lee Hung Yuen	10/10	1/1
Mr. Wen Baolin	7/10	1/1
Independent non-executive Directors		
Dr. Lu Jian Zhong	7/10	1/1
Mr. Qi Yang	4/10	0/1
Mr. Shen Peng	4/10	0/1
Mr. Li Hongchang	9/10	0/1

BOARD OF DIRECTORS *(Continued)*

The Board currently has three committees, namely, the audit committee, remuneration committee and nomination committee (the "Committees", each a "Committee") for overseeing particular aspects of the Company's affairs. Copy of the current full terms of reference of each Committee is available on the Investor Relations section of the Company's website. To comply with the Listing Rules, the terms of reference of each committee are also available on the Stock Exchange's website. The Board delegates its powers and authorities from time to time to Committees in order to ensure operational efficiency and specific issues are being handled by relevant expertise. Committees do not take action or make decisions on behalf of the Board unless specifically mandated by prior board authority to do so.

According to code provision A.2.7 of the CG Code, the chairman should at least annually hold meetings with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. During the year, the chairman of the Company did not hold any meeting with non-executive Directors and independent non-executive Directors of the Company without the executive Directors present. Nevertheless, from time to time, non-executive Directors and independent non-executive Directors of the Company express their views directly to the Chairman via other means including correspondences and emails. The Company is of the view that there is efficient communication between non-executive Directors (including independent non-executive Directors) and the Chairman.

PRACTICES AND CONDUCT OF MEETINGS

Notice of regular Board meetings are served to all Directors at least 14 days before the meetings to give all Directors an opportunity to attend. For other board meetings, reasonable notices have been given to all Directors.

The Directors will receive details of agenda and minutes of Committee/Board meetings in advance of and after each Committee/Board meeting respectively. The company secretary will distribute relevant documents to the Directors in a timely manner to enable the Directors to make informed decisions on matters to be raised at the Board meetings. All Directors have access to the advice and services of the company secretary who is responsible for ensuring the procedures of the Board meetings are complied with, and in consultation with the compliance adviser and legal adviser of the Company, advising the Board on compliance matters.

Moreover, the company secretary prepares minutes of the Board meetings and keeps records of matters discussed and decisions resolved at all Board meetings. The company secretary also keeps the minutes of the Board meetings, which are open for inspection at any reasonable time on reasonable notice by any Director.

ATTENDANCE OF ANNUAL GENERAL MEETING

According to code provision A.6.7 of the CG code, independent non-executive Directors and other non-executive Directors, as equal board members, should attend general meetings and develop a balanced understanding of the views of shareholders.

Mr. Shen Peng, Mr. Qi Yang and Mr. Li Hongchang, our independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 29 April 2014 due to conflict of their business schedules. Save as disclosed above, all Directors were present at the annual general meeting of the Company held on 29 April 2014.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors keep abreast of responsibilities as a director of the Company and of the conduct, business activities and development of the Company.

Every newly appointed director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for Directors will be arranged and reading material on relevant topics will be issued to Directors where appropriate.

Relevant reading materials including legal and regulatory update have been provided to the directors for the reference and studying. Directors are encouraged to attend relevant training courses at the Company's expenses.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS *(Continued)*

On 12 January 2015, Company's legal adviser provided a training in respect of updates of Listing Rules, corporate governance and duties of Directors to all Directors and senior management in order to develop and refresh their knowledge and skills.

All Directors have provided a record of their training to the company secretary.

All Directors confirmed that they have read training materials provided by the Company in respect of corporate governance, updates of Listing Rules and Companies Ordinances. In addition, Mr. Gao Mingqing, Ms. Gao Jinzhu, Mr. Liu Zhichun, Mr. Xie Yaolin, Mr. Li Kwok Ping, Mr. Wen Baolin, and Mr. Li Hongchang attended aforesaid training provided by our legal adviser.

A summary of training received by the Directors for the year ended 31 December 2014 according to the records provided by the Directors is as follows:

	Type of Continuous Professional Development	
Name of the Directors	**Reading on corporate governance, regulatory updates development and other relevant topics**	**Attending relevant training session**
Executive Directors:		
Mr. Gao Mingqing	✓	✓
Ms. Gao Jinzhu	✓	✓
Mr. Xie Yaolin	✓	✓
Mr. Liu Zhichun	✓	✓
Non-executive Directors:		
Mr. Li Kwok Ping	✓	✓
Mr. Lee Hung Yuen	✓	N/A
Mr. Wen Baolin	✓	✓
Independent non-executive Directors:		
Dr. Lu Jian Zhong	✓	N/A
Mr. Qi Yang	✓	N/A
Mr. Shen Peng	✓	N/A
Mr. Li Hongchang	✓	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

Mr. Gao Mingqing, in addition to his duties as the Chairman of the Company, is also responsible for the strategic planning and overseeing all aspects of the Group's operations as the Chief Executive Officer of the Company. This constitutes a deviation from code provision A.2.1 of the CG Code. Mr. Gao Mingqing as one of the founders of the Group has extensive experience and knowledge in the core business of the Group and his duties of overseeing the Group's operations is clearly beneficial to the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group.

DIRECTORS

Every Director (including executive Directors, non-executive Directors and independent non-executive Directors) has been appointed for a term of three years with automatic renewal, subject to termination by either party giving the other not less than three months' prior written notice.

According to the Company's articles of association, one-third of the Directors (or if their number is not a multiple of three, the number nearest to but no less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The retiring Directors shall be eligible for re-election.

NOMINATION COMMITTEE

According to code provision A.4.4 of the CG Code, listed issuers are recommended to set up a nomination committee with a majority of the members thereof being independent non-executive Directors. The Company established a nomination committee on 12 June 2012 with written terms of reference in compliance with the CG Code. The nomination committee is mainly responsible for making recommendations to the Board regarding appointment and removal of Directors. The nomination committee comprises one executive Director, namely Ms. Gao Jinzhu, and two independent non-executive Directors, namely Mr. Shen Peng and Mr. Qi Yang. Mr. Shen Peng has been appointed as the chairman of the nomination committee.

To comply with the code provision in the CG Code on board diversity which became effective on 1 September 2013, the nomination committee has adopted a policy concerning diversity of Board members (the "Board Diversity Policy"), which is achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, or professional experience of the Board members. The nomination committee will review the Policy on a regular basis and discuss any revisions that may be required, and recommended any such revisions to the Board.

During the year, one meeting was held by the nomination committee to review and make recommendations to the Board on the re-appointment of each Director prior to that Director seeking for re-election at the annual general meeting. The following table shows the number of attendance of individual members at the meeting held during the year:

Members	No. of Attendance
Mr. Shen Peng (Chairman)	0/1
Mr. Qi Yang	1/1
Ms. Gao Jinzhu	1/1

REMUNERATION COMMITTEE

The Company established a remuneration committee on 12 June 2012 with written terms of reference in compliance with code provision B.1 of the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee include developing remuneration policies of the Directors, evaluating the performance, making recommendations on the remuneration package of our Directors and senior management and evaluating and making recommendations on employee benefit arrangements. The remuneration committee comprises one executive Director, namely Mr. Liu Zhichun, and two independent non-executive Directors, namely Mr. Qi Yang and Dr. Lu Jian Zhong. Mr. Qi Yang has been appointed as the chairman of the remuneration committee.

During the year, one meeting was held by the remuneration committee to review and make recommendations to the Board on the remuneration packages of individual executive Directors and senior management for 2015. The following table shows the number of attendance of individual members at the meeting held during the year:

Members	No. of Attendance
Mr. Qi Yang (Chairman)	1/1
Dr. Lu Jian Zhong	1/1
Mr. Liu Zhichun	1/1

AUDIT COMMITTEE

The Company established an audit committee on 12 June 2012 in compliance with Rules 3.21 of the Listing Rules. Written terms of reference in compliance with code provision C.3 of the CG Code have been adopted. The primary duties of the audit committee are, among other things, to provide independent view of our financial reporting process, internal control and risk management system, oversee the audit process and perform other duties and responsibilities as assigned by the Board. The audit committee comprises four independent non-executive Directors, namely Mr. Shen Peng, Mr. Qi Yang, Dr. Lu Jian Zhong and Mr. Li Hongchang. Mr. Shen Peng has been appointed as the chairman of the audit committee.

During the year, four meetings were held by the audit committee to discharge its responsibilities and review the Group's annual and interim results, connected transaction, reporting and compliance procedures, and also the re-appointment of the external auditor. The following table shows the number of attendance of individual members at the meeting held during the year:

Members	**No. of Attendance**
Mr. Shen Peng (Chairman)	3/4
Mr. Qi Yang	3/4
Dr. Lu Jian Zhong	3/4
Mr. Li Hongchang	4/4

The audit committee reviews the interim and annual reports as well as results announcements before submission to the Board. The audit committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements in respect of the Company's interim and annual reports as well as result announcements.

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

AUDITOR'S REMUNERATION

For the year ended 31 December 2014, the total fee paid/payable to the Group's external auditor, Deloitte Touche Tohmatsu, in respect of interim review and annual audit services is set out below:

	Fees paid/payable RMB'000
Audit services	
Annual audit services	1,000
Non-audit services	
Interim review services	285
Total:	1,285

COMPANY SECRETARY

The company secretary already attended more than 15 hours of continuing professional development training arranged by several professional bodies during the year.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions of corporate governance. For the year ended 31 December 2014, the Board performed the functions of corporate governance as set out in the code provision D.3.1 of the CG Code.

INTERNAL CONTROL

The internal control system has been designed to safeguard the assets of the Group, maintain proper accounting records, execute with appropriate authority and comply with the relevant laws and regulations.

The Board is responsible for maintaining and reviewing the effectiveness of the Group's internal control system. They have carried out an annual review of the implemented system and procedures, including areas covering financial, operational and legal compliance controls and risk management functions. 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 system can only provide reasonable but not absolute assurance against misstatement or losses.

The Board is responsible for implementing the internal control system and reviewing its effectiveness. For the year ended 31 December 2014, the Board considered that the Company's internal control system is adequate and effective and the Company has complied with the CG Code.

FINANCIAL REPORTING

The Directors acknowledged their responsibility for the preparation of the financial statements, which give a true and fair view of the financial position of the Group. The auditor of the Company is responsible to form an independent opinion, based on the audit, on the financial statements prepared by the Directors and report the opinion solely to the Shareholders.

SHAREHOLDERS' RIGHTS

Pursuant to Articles 58 of the Company's articles of association, an extraordinary general meeting shall be convened on the written requisition of any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. Such members shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

There are no provisions allowing shareholders to move new resolutions at general meetings under the Cayman Islands Companies Law or the articles of association of the Company. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

Regarding proposing a person for election as a Director, please refer to the procedures available on the website of the Company.

Shareholders may at any time send their enquiries and concerns to the Board in writing to the Company's principal place of business in Hong Kong at Unit 1, 28/F., Singga Commercial Centre, 144–151 Connaught Road West, Hong Kong.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company has established a range of communication channels between itself and its shareholders, and investors. These include the publication of interim and annual reports, notices, announcements and circulars, the Company's website at www.wgmine.com and meetings with investors and analysts.

The Company encourages all Shareholders to attend the annual general meetings to stay informed of the Group's strategy and goals. It provides an opportunity for direct communication between the Board and its Shareholders. The chairman of the meeting explains the detailed procedures for conducting a poll and then answers any questions from the Shareholders. The poll results are published on the websites of the Company and the Stock Exchange.

CONSTITUTIONAL DOCUMENTS

During 2014, the Company has not made any changes to its memorandum and articles of association.

WORKPLACE QUALITY

Recruitment

Except for underground mining work, we provide equal opportunities and have no sex nor age discrimination in recruitment of staff. For blasting operation, we only recruit staff with qualified license pursuant to relevant laws and regulations. Staff has to report to us whether there are any relatives in our Group and attend safety education training. In addition, staff has to be checked with police for non-criminal record.

Compensation and working hours

Generally, wages of workers comprise basic salary, performance salary and allowance. Working hours are 8 hours per day and are divided into normal working hours and shifting hours under different duties. Staff has 4 days-off in a month and enjoys public holidays, sick leave, wedding leave, funeral leave as well as maternity leave under local labour laws.

Benefits and welfares

Benefits and welfares include subsidy in meal expenses, accommodations, home-fare during Spring Festival, as well as various insurances under laws and regulations. Some staff can also have subsidy in telephone expenses. For home leave, marriage leave, funeral leave as well as participation in social activities, staff can still be paid normally.

As at 31 December 2014, the Group had a total workforce of 358 which comprised 354 in Jiangxi Province of the PRC, 2 in Hong Kong and 2 in Australia. 279 were male and 79 were female.

Set out below are distribution of our workforce.

By employment type

	No. of workforce	Turnover rate
Underground technical and supporting mine workers		
— Safety supervision	20	25.0%
— Mining and geological technical staff	11	0.0%
— Mining record and Surveying staff	10	30.0%
— Geological drilling operators	12	0.0%
— Ventilation and hauling facilities and water-pump operators and maintenance staff	88	11.4%
— Backfilling team	24	8.3%
Processing plant workers	86	15.1%
Mine management and supporting staff	107	21.5%
	358	15.6%

By age group

	No. of workforce	Turnover rate
20 or below	–	N/A
21–30	82	26.8%
31–40	78	3.8%
41–50	126	11.9%
51 or above	72	15.3%
Total	358	15.6%

Health and Safety

Occupational health and safety is one of our prime responsibilities, we have implemented and enforced a number of measures to ensure compliance of the regulatory requirements and our production safety and environmental protection. We have our owned safety production and operational manual which specify certain procedures such as our safety production procedures in respect of different posts and departments, our accident prevention procedures and accident reporting procedures. Regular safety drills are carried out to ensure the awareness of safety production measures in case of emergency handling. The roles and responsibilities of each of the supervising staff and workers are clearly defined and each supervising staff is accountable for their respective areas of responsibility. Our mine manager supervises the implementation of regular on-site examination and continuously monitors the safety policies. Our safety supervisor inspects the implementation of safety procedures on daily basis.

We have implemented a set of guidelines and rules regarding the handling of such dangerous articles which comply with existing PRC laws, regulations and policies. We have implemented a mandatory safety training programme for all our employees in strict accordance with requirements under Production Safety Law of the PRC (中華人民共和國安全生產法) and Law of the PRC on Safety in Mines (中華人民共和國礦山安全法). All new employees must participate in a three level safety education programme before they start their work. Employees with specialized technical duties will be required to receive training pursuant to the respective regulations and requirements. We also conduct regular training to our existing staff to enhance their awareness of safety issues, and improve their knowledge in working safety techniques in order to reduce and eliminate the occurrence of accidents. During the year, there were no work-related fatalities. Lost days due to work injury were 643 days.

Development and training

One of our prime developments is to provide an opportunity for all staff in learning and developing aspects so as to enhance personal development.

Our Group has arranged experienced staff, managerial staff, or other outsourcing expert, scholar or professional trainer to provide training to our staff.

Both on-the-job training and training programme are offered to the relevant staff. In accordance with the need of our Group, we will irregularly arrange job training to staff who will be assigned or transferred to different posts.

The Group encourages staff to take courses relevant to job in professional training institutions. Staff who obtains relevant technical titles, qualified certificates, graduate or master degree, can apply for assistance after completion.

In addition, the Group arranges training in relation to occupation and management to our middle or senior management for 8 hours per month.

Every staff should attend not less than 24 hours safety training before commencement of job. Not less than 72 hours of safety training will be offered to staff who perform explosive works. All staff will attend not less than 20 hours continuous training a year.

Labour standards

The Group has policies to prevent child or forced labour. It does not allow recruiting staff of age under 18. If we discover any fake or hidden facts or cheats during the recruitment process, the candidate will be removed from our selection. If it is discovered after recruitment process, we will terminate the labour contract. Every candidate should provide personal identification documents, such as identity card, household record copy for verification purpose during recruitment process.

During the year, the Group has not discovered any non-compliance.

ENVIRONMENTAL PROTECTION

Emissions

Our operations are subject to various PRC laws and regulations with respect to environmental protection and environmental rehabilitation. We have adopted various measures within our operations as well as emergency procedures with regard to environmental protection.

The Xinzhuang Mine has a valid pollutant discharge permit from the relevant local environmental protection department to undertake mining and processing activities at their respective mining site. Major environmental issues in the mining industry are management of wastewater and management of tailings.

During the year, the Group consumed approximately total of 2,330,000 tonnes of water while it consumed approximately 537,000 tonnes of new water extracted from underground. The rate of water recycle was approximately 76.9%. The Group emitted approximately 489,000 tonnes of wastewater in production, which contained 33.95 tonnes of pollutants and effluent concentration was approximately 69.43mg/L which is below the required standard. In addition, the Group produced approximately 97,000 tonnes of tailings.

Use of resources, environment and natural resources

We have adopted various policies on efficient use of resources as well as recycling and re-use of resources. Details are as follows:

Water management: the site has been developed with an emphasis on recycling used process and tailings storage facility drainage water, which is recycled to the concentrator for reuse. A recycling rate of over 75% is obtained. The Xinzhuang Mine obtains top-up water from the underground mine workings, while any surplus waste water from the site (including treated sewage) will be discharged to the nearby Shishui River following treatment in accordance with the regulatory standards in the PRC.

Solid waste: underground waste is either left underground for back filling or used for construction purposes (as a good quality construction material it is also sold locally).

During the year, approximately 70% of the tailings (coarse fraction) were mixed with cement and sent underground for back filling. The remaining 30% were stored in tailing dam. Two tailings storage facilities (or tailings dams) have been constructed.

Our operations may have the following impacts of activities on the environment and we have taken the corresponding actions to manage them.

Dust and air quality mitigation: water sprays will be used for the crushing and screening plant (with wet scrubbers to also be installed in conjunction with the project expansion). However, the ore and concentrates are either wet or damp, thereby requiring minimal dust mitigation measures. Other mitigation measures include enclosure of any potentially dusty activities, paving of surface roads, revegetation and availability of personal protection devices to workers to provide additional personal protection from dust, as required.

Noise control: methods of noise control include sound insulation by isolating the noisy machines in the specific locations of the plant from the staff operation room, and provision of noise protective articles to staff involved.

Rehabilitation: the Group prepared a conceptual mine closure plan which comprised part of the site's soil and water conservation plan and it pays periodically guarantee deposits in specific amounts for restoration of the land upon closure of mine in accordance with the requirements of Land Resources Bureau.

Environmental monitoring: a mine site environmental monitoring plan is in place in which analytical results are complied with the regulatory standards in the PRC. The regular company monitoring programme is supplemented by periodic monitoring tests conducted by both the Bureau of Environmental Protection of Jiangxi Province and Bureau of Environmental Protection of Yifeng County respectively.

Waste water on-line detection system has been installed and monitored the pollution level of waste water automatically.

Emergency Procedures: Overtopping of tailings storage facility and dam breaking are two exceptional environmental incidents that may incur in our operation.

The Group has implemented efficient emergency procedures in case of occurrence of the aforesaid events, including rescue responses, reporting procedures, relevant staff arrangement, provision of specific rescue materials, communications and transportation as well as contractual rescue plan with the nearby hospitals.

During the year, electricity usage for mining was 9,365,383kwh, processing was 20,555,750kwh and back-filling was 501,840kwh. Diesel usage was 166,191 lite.

OPERATING PRACTICES

Supply chain management

The ore extracted from the Xinzhuang Mine is our principal raw material for producing our concentrate products. We do not purchase ores from third parties and we do not face high risk in supply chain.

Product responsibility

We have a quality control policy in place to ensure that the quality of our concentrates meets the standard for acceptance by our customers. Our quality control department is responsible for ensuring our product quality. We closely monitor our various production processes by conducting on-site inspection and taking samples during each shift and examining them at our laboratory. Regular trainings are also provided to our employees to enhance the quality standard.

In 2014, we have not received any material complaints due to quality problems of our products.

Anti-corruption

Our Group has established "Anti-Fraud policy and procedures". Corruption is one of the fraud that will disrupt operation of the Group and violates the laws. In 2014, we have not received any complaints in relation to corruption.

Senior management is lead by example, who complies with the policies and regulations issued by the Group.

Every employee obtains a staff handbook which includes corporate policies and regulations. In addition, the Group arranges training in respect of ethics and anti-fraud to staff, for the purpose of handling conflict or temptation of interest.

For any corruption, fraud or other unethical activities discovered, staff can report to the management by real or anonymous name.

COMMUNITY INVESTMENT

The Group encourages recreational and sport activities held by staff and takes care of the need of staff. During the year, the Group participated basketball matches with local government bureau and held a table-tennis match as well as practices of square dance. The Group also arranged two dating programmes for single staff during the year.

In addition, the Group makes donations to community irregularly, and contributes and participates in community. During the year, the Group donated approximately RMB690,000 in respect of construction projects in community, sponsorship in school, and police.

The Directors are pleased to present this report and the audited consolidated financial statements of the Group for the year ended 31 December 2014.

1. PRINCIPAL ACTIVITIES

The Group is principally engaged in the business of mining, ore processing and sale of the concentrates products in the PRC.

2. RESULTS AND FINANCIAL POSITION

The Group's results for the year are set out in the consolidated statement of profit or loss and other comprehensive income on page 38.

The state of affairs of the Group and of the Company at 31 December 2014 are set out in the consolidated statement of financial position on pages 39 to 40 and statement of financial position of the Company on page 75 respectively.

3. SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in Note 31 to the consolidated financial statements.

4. SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in Note 39 to the consolidated financial statements.

5. SUMMARY OF FINANCIAL INFORMATION

A summary of financial results and of the assets and liabilities of the Group for the last five financial years are set out in the section headed "Summary of Financial Information" on page 76 in this report.

6. RESERVES

The movements in the reserves of the Group during the year are set out in the consolidated statement of comprehensive income and consolidated statement of changes in equity. The movements in the reserves of the Company during the year are set out in Note 40 to the consolidated financial statements.

7. DISTRIBUTABLE RESERVES

At 31 December 2014, the Company's reserve available for distribution to owners of the Company comprising share premium account amounted to approximately RMB76.6 million (2013: RMB121.3 million).

8. DIVIDENDS

The Directors recommend to declare a final dividend of RMB2.67 cents (equivalent to approximately HK$3.33 cents) per share for the year ended 31 December 2014, payable to the Shareholders whose names appear on the register of members of the Company on 2 June 2015. Based on the number of issued shares of the Company as at 31 December 2014, this represents a total distribution of approximately RMB16.0 million. Subject to the approval by the Shareholders at the annual general meeting to be held on 22 May 2015, it is expected that the final dividend will be paid on or before 31 July 2015.

9. PROPERTY, PLANT, AND EQUIPMENT

Additions to the property, plant and equipment of the Group was approximately RMB67.5 million for the year ended 31 December 2014. 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 in this annual report.

10. DONATIONS

Donations made by the Group during the year amounted to approximately RMB690,000.

11. MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's five largest customers in aggregate accounted for approximately 92.2% (2013: 64.8%) of the total sales for the year and sales to the largest customer accounted for approximately 42.3% (2013: 48.8%) of total sales.

Purchases from the Group's five largest suppliers in aggregate accounted for approximately 63.4% (2013: 69.6%) of the total purchases for the year and purchases from the largest supplier accounted for approximately 35.4% (2013: 30.0%) of total purchases.

11. MAJOR CUSTOMERS AND SUPPLIERS *(Continued)*

None of the Directors, their associates or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers during the year.

12. MANAGEMENT CONTRACTS

Other than the service contracts of the Directors, the Company has not entered into any contract with any individuals, firms or corporate entities to manage or regulate the whole or any substantial part of any business of the Company.

13. DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors:
Mr. Gao Mingqing
Ms. Gao Jinzhu
Mr. Xie Yaolin
Mr. Liu Zhichun

Non-executive Directors:
Mr. Li Kwok Ping
Mr. Lee Hung Yuen
Mr. Wen Baolin

Independent non-executive Directors:
Dr. Lu Jian Zhong
Mr. Qi Yang
Mr. Shen Peng
Mr. Li Hongchang

In accordance with the Company's articles of association, all Directors are subject to retirement by rotation at least once every three years. Mr. Liu Zhichun, Mr. Wen Baolin, Mr. Shen Peng and Mr. Li Hongchang will retire by rotation at the forthcoming annual general meeting, being eligible, offer themselves for re-election.

14. DIRECTORS' AND SENIOR MANAGEMENT

Biographical information of the Directors and senior management of the Group are set out on pages 17 to 19 of this annual report.

15. DIRECTORS' SERVICE CONTRACTS

Each of the Directors has entered into a service agreement with the Company for an initial term of three years renewable for subsequent periods of three years, unless terminated by at least three month's written notice served by either party at any time during the then existing term.

None of the Directors, including those proposed for re-election at the forthcoming annual general meeting, has a service agreement which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

16. EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Board on the basis of their experience, qualifications and competence.

The emoluments of the Directors of the Company are reviewed by the remuneration committee of the Company and approved by the Board, having regard to the relevant Director's experience, responsibility, workload and the time devoted to the Group; the Company's operating results and comparable market statistics.

The Company has adopted a share option scheme (the "Scheme") on 12 June 2012 to which the Directors and eligible employees, among others are entitled to participate in. The Company operates the Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Details of the Scheme are set out in paragraph 32 below.

17. INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has presented an annual confirmation letter to confirm their consistence with the independence under Rule 3.13 of the Listing Rules. The Company believes that all the independent non-executive Directors are independent in accordance with the guidelines set out in Rule 3.13 the Listing Rules.

18. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals in the Group are set out in Note 12 to the consolidated financial statements.

19. MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors. The Company, having made specific enquiries to all Directors, has confirmed that all the Directors have complied with the required standards of dealings as set out in the Model Code for the year ended 31 December 2014 and up to the date of this annual report.

20. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 31 December 2014, the interests or short positions of our Directors and chief executives in the shares, underlying shares or debentures of our Company and our associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as notified to our 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 as recorded, pursuant to section 352 of the SFO, in the register referred to therein or which were required to be notified to our Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, were as follows:

(a) Long positions in shares of the Company

Name of Director	Capacity/nature of interest	Number of issued ordinary shares held	Approximate percentage of shareholding in the Company
Gao Mingqing	Interest in controlled corporation	301,500,000[(1)]	50.25%
Gao Jinzhu	Interest in controlled corporation	148,500,000[(2)]	24.75%

Notes:

1. The 301,500,000 shares were owned by Victor Soar Investments Limited which is wholly owned and controlled by Mr. Gao Mingqing.

2. The 148,500,000 shares were owned by Achieve Ample Investments Limited which is wholly owned and controlled by Ms. Gao Jinzhu.

(b) Long positions in associated corporations

Name of Director	Name of associated corporation	Percentage of shareholding
Gao Mingqing	Victor Soar Investments Limited [(Note)]	100%

Note: Victor Soar Investments Limited holds more than 50% of the shares in the Company and, therefore, is an associated corporation of the Company.

Save as disclosed above, as at 31 December 2014, so far as is known to any Directors or chief executives of the Company, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

21. SUBSTANTIAL SHAREHOLDERS' AND OTHER PARTIES' INTERESTS IN SECURITIES

As at 31 December 2014, the following persons, other than the Directors and chief executives of the Company, had or were deemed or taken to have an interest and/or short position in the shares or the underlying shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the issued share capital of the Company.

Long positions in shares of the Company

Name of shareholder	Capacity/nature of interest	Number of issued ordinary shares held	Approximate percentage of shareholding in the Company
Victor Soar Investments Limited	Beneficial owner	301,500,000(1)	50.25%
Ms. Lin Yinyin	Interest of spouse	301,500,000(2)	50.25%
Achieve Ample Investments Limited	Beneficial owner	148,500,000(3)	24.75%
Mr. Wang Weimian	Interest of spouse	148,500,000(4)	24.75%

Notes:

1. Victor Soar Investments Limited is wholly owned and controlled by Mr. Gao Mingqing.

2. Ms. Lin Yinyin is the wife of Mr. Gao Mingqing and is deemed to be interested in the 301,500,000 shares of the Company held by Victor Soar Investments Limited, a company controlled by Mr. Gao Mingqing.

3. Achieve Ample Investments Limited is wholly owned and controlled by Ms. Gao Jinzhu.

4. Mr. Wang Weimian is the husband of Ms. Gao Jinzhu and is deemed to be interested in the 148,500,000 shares of the Company held by Achieve Ample Investments Limited, a company controlled by Ms. Gao Jinzhu.

Other than as disclosed above, as at 31 December 2014, the Directors of 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.

22. DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in paragraph 23 below, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party at the end of the year or at any time during the year.

23. CONNECTED TRANSACTION

On 16 May 2014, Yifeng Wanguo and HK Taylor, both being the wholly-owned subsidiaries of the Company, entered into Acquisition Agreements with Mr. Liu Dingbo, Mr. Yang Zhi and Mr. Wen Baolin (collectively referred as "Vendors") pursuant to which Yifeng Wanguo and HK Taylor have conditionally agreed to acquire and the Vendors have conditionally agreed to dispose of 51% equity interests in Xizang Changdu in the consideration of RMB239.7 million in aggregate.

As at the date of Acquisition Agreements and up to date of this annual report, Mr. Wen Baolin is a non-executive Director of the Company and is regarded as a connected person under the Chapter 14A of the Listing Rules and the transaction constituted a connected transaction of the Company.

The Directors consider that the terms and conditions of the Acquisition and the transactions contemplated thereunder are fair and reasonable and in the best interest of the Shareholders as a whole.

24. DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed in paragraph 20 above, at no time during the year was the Company, or its subsidiaries, or its fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of the Company or any other body corporate.

25. SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to issue of this report, the Company has maintained the sufficient public float under the Listing Rules.

26. COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors, the controlling shareholder and their respective associates (as defined under the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group for the year ended 31 December 2014.

As disclosed in the Prospectus, each of our controlling shareholders has entered into the deed of non-competition in favour of our Company to the effect that each of them will not, and will procure each of their respective associates not to, directly or indirectly participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with our businesses.

The independent non-executive Directors have reviewed the status of compliance and are of the view that the controlling shareholder of the Company has complied with its undertaking under the deed of non-competition for the year ended 31 December 2014.

27. RELATED PARTY TRANSACTIONS

During the year, except for those disclosed in Note 36 to the consolidated financial statements, the Group had no transactions with its related parties.

28. PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY

For the year ended 31 December 2014, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

29. BANK BORROWINGS

Particulars of bank borrowings of the Group as at 31 December 2014 are set out in Note 28 to the consolidated financial statements.

30. RETIREMENT BENEFIT SCHEMES

Particulars of the retirement benefit schemes of the Group are set out in Note 35 to the consolidated financial statements.

31. PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands which oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

32. SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 12 June 2012 which will remain in force for a period of 10 years from the effective date of the Scheme until 11 June 2022.

Under the Scheme, the Directors may at their discretion grant options to any full-time or part-time employees, potential employees, consultants, executives or officers (including executive, non-executive and independent non-executive Directors) of the Company or any of its subsidiaries and any suppliers, customers, consultants, agents and advisers who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of its subsidiaries.

32. SHARE OPTION SCHEME *(Continued)*

The maximum number of shares in respect to which options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company on the date of adopting the Scheme. The limit may be refreshed at any time provided that the new limit must not be in aggregate exceed 10% of the issued share capital of the Company as at the date of the shareholders' approval in general meeting. However, the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other scheme of the Company must not in aggregate exceed 30% of the shares in issue from time to time. The maximum number of shares in respect of which options may be granted to any individual in any 12-month period shall not exceed 1% of the shares in issue on the last date of such 12-month period unless approval of the shareholders of the Company has been obtained in accordance with the Listing Rules. A nominal consideration of HK$1 is payable on acceptance of the grant of an option.

Options may be exercised at any time from the date of grant of the option in the following manner:

i. up to 25% of the option granted from the first anniversary of date of grant of the option

ii. up to 50% of the option granted from the second anniversary date of grant of the option

iii. up to 75% of the option granted from the third anniversary date of grant of the option

iv. up to 100% of the option granted from the fourth anniversary date of grant of the option

The exercise price is determined by the Directors, and will not be less than the highest of (i) the closing price per share as stated in the Stock Exchange's daily quotations sheets on the date of the grant of the options; (ii) the average closing price per share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant of the options; or (iii) the nominal value of a share.

During the year, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Scheme.

33. CORPORATE GOVERNANCE

The Company has complied with all code provisions stipulated in the CG Code set out in Appendix 14 to the Listing Rules for the year ended 31 December 2014 except for the deviation from code provisions A.2.1, A.2.7 and A.6.7 of the CG Code. A report on the corporate governance practice adopted by the Group is set out in page 20 to page 26 of this report.

34. EVENTS AFTER THE REPORTING PERIOD

At the date of this report, the Group did not have any significant events after the reporting period.

35. AUDITOR

A resolution to re-appoint the retiring auditor, Deloitte Touche Tohmatsu, will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Gao Mingqing
Chairman

Hong Kong, 18 March 2015

Deloitte.
德勤

TO THE MEMBERS OF
WANGUO INTERNATIONAL MINING GROUP LIMITED
(萬國國際礦業集團有限公司)
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Wanguo International Mining Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 38 to 75, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of 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 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
18 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	**2014 RMB'000**	2013 RMB'000
Revenue	5	**219,163**	261,438
Cost of sales		**(132,316)**	(128,939)
Gross profit		**86,847**	132,499
Other income	6	**1,044**	9,309
Other gains and losses	7	**2,019**	(10,007)
Selling and distribution expenses		**(2,483)**	(2,859)
Administrative expenses		**(35,178)**	(32,684)
Fair value gain on forward contracts	8	**–**	10,818
Finance costs	9	**(13,071)**	(12,023)
Profit before tax		**39,178**	95,053
Income tax expense	10	**(15,131)**	(28,732)
Profit and total comprehensive income for the year	11	**24,047**	66,321
Earnings per share			
Basic (RMB cents)	13	**4**	11

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**339,125**	290,465
Mining right	16	**8,176**	8,620
Exploration and evaluation assets	17	**11,329**	8,894
Prepaid lease payments	18	**27,970**	28,635
Deposit for acquisition of land use rights	19	**30,061**	29,891
Deposit for purchase of property, plant and equipment		**9,174**	10,931
Deposit for acquisition of a subsidiary	20	**9,600**	9,600
Deferred tax assets	21	**2,301**	2,242
Restricted bank balances	25	**2,421**	2,348
		440,157	391,626
CURRENT ASSETS			
Prepaid lease payments	18	**647**	629
Inventories	22	**21,589**	13,930
Trade and other receivables	23	**10,795**	10,887
Structured deposit	24	**33,692**	–
Bank balances and cash	25		
— cash and cash equivalents		**37,517**	133,447
— other bank deposits		**199**	–
		104,439	158,893
CURRENT LIABILITIES			
Trade and other payables	26	**33,947**	34,767
Tax payable		**8,520**	17,754
Consideration payable to a former non-controlling shareholder of a subsidiary	27	**55,671**	24,683
Secured bank borrowings	28	**40,318**	9,000
		138,456	86,204
NET CURRENT (LIABILITIES) ASSETS		**(34,017)**	72,689
TOTAL ASSETS LESS CURRENT LIABILITIES		**406,140**	464,315

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	**2014** **RMB'000**	2013 RMB'000
NON-CURRENT LIABILITIES			
Secured bank borrowings	28	**9,000**	18,000
Consideration payable to a former non-controlling shareholder of a subsidiary	27	**104,105**	134,308
Deferred income	29	**15,623**	16,138
Deferred tax liabilities	21	**2,300**	1,500
Provision	30	**2,693**	2,197
		133,721	172,143
CAPITAL AND RESERVES			
Share capital	31	**48,955**	48,955
Reserves		**223,464**	243,217
Equity attributable to owners of the Company		**272,419**	292,172
		406,140	464,315

The consolidated financial statements on pages 38 to 75 were approved and authorised for issue by the board of directors on 18 March 2015 and are signed on its behalf by:

Gao Mingqing
Director

Gao Jinzhu
Director

	Attributable to owners of the Company					
	Share capital RMB'000	**Share premium** RMB'000	**Capital reserve** RMB'000 (note a)	**Statutory and surplus reserves** RMB'000 (note b)	**(Accumulated losses) retained profits** RMB'000	**Total** RMB'000
At 1 January 2013	48,955	178,418	71,005	–	(32,327)	266,051
Profit and total comprehensive income for the year	–	–	–	–	66,321	66,321
Dividend recognised as distribution (note 14)	–	(40,200)	–	–	–	(40,200)
Transfers	–	–	–	32,913	(32,913)	–
At 31 December 2013	48,955	138,218	71,005	32,913	1,081	292,172
Profit and total comprehensive income for the year	–	–	–	–	24,047	24,047
Dividend recognised as distribution (note 14)	–	(43,800)	–	–	–	(43,800)
Transfers	–	–	–	14,321	(14,321)	–
At 31 December 2014	48,955	94,418	71,005	47,234	10,807	272,419

Notes:

(a) The capital reserve represents contributions from an equity participant in 2011.

(b) The statutory reserve represents the appropriation of 10% of profit after taxation determined based on the relevant accounting rules and regulations of the People's Republic of China ("PRC") in accordance with the relevant PRC laws until the PRC statutory reserve reaches 50% of the registered capital of the relevant subsidiaries. The statutory reserve can be applied either to set off accumulated losses or to increase capital. The entire balance of statutory reserve as at 31 December 2012 was reduced as a result of the capital reduction transaction described in note 27.

The surplus reserve represents further appropriation out of the retained profits of the PRC subsidiary for any amount approved by its board of directors after the appropriation to the statutory reserve.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	2014 **RMB'000**	2013 RMB'000
OPERATING ACTIVITIES		
Profit before tax	**39,178**	95,053
Adjustments for:		
Depreciation of property, plant and equipment	**17,768**	14,677
Amortisation of mining right	**444**	414
Release of prepaid lease payments	**647**	491
Provision for restoration cost	**496**	463
Finance costs	**13,071**	12,023
Interest income	**(408)**	(3,956)
Investment income of structured deposits	**(2,209)**	(1,631)
Gain on disposal of property, plant and equipment	**(240)**	(104)
Release of deferred income	**(515)**	(515)
Gain on fair value changes of forward contracts	**–**	(10,818)
Exchange loss	**430**	11,742
Operating cash flows before movements in working capital	**68,662**	117,839
Increase in inventories	**(7,659)**	(87)
Decrease in trade and other receivables	**92**	482
Increase (decrease) in trade and other payables	**6,806**	(3,021)
Cash generated from operations	**67,901**	115,213
PRC Enterprise Income Tax paid	**(23,624)**	(21,664)
NET CASH FROM OPERATING ACTIVITIES	**44,277**	93,549
INVESTING ACTIVITIES		
Interest received	**408**	5,960
Proceeds from disposal of property, plant and equipment	**1,310**	416
Redemption of structured deposits	**423,017**	643,131
Redemption of bank deposits with original maturity over three months	**–**	112,326
Proceeds from forward contracts	**–**	11,923
Redemption of pledged bank deposits	**–**	6,619
Placement of structured deposits	**(454,500)**	(631,500)
Purchase of property, plant and equipment	**(70,990)**	(101,696)
Payment for evaluation and exploration assets	**(4,796)**	(6,342)
Placement of bank deposits with original maturity over three months	**(199)**	–
Deposit paid for acquisition of land use right	**(170)**	(1,024)
Placement of restricted bank balances	**(73)**	(126)
Prepaid lease payments	**–**	(1,097)
Deposit paid for acquisition of a subsidiary	**–**	(9,600)
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(105,993)**	28,990

	2014 RMB'000	2013 RMB'000
FINANCING ACTIVITIES		
New bank borrowing raised	**31,213**	–
Dividend paid	**(43,800)**	(40,200)
Interest paid	**(2,288)**	(2,182)
Repayment of bank borrowings	**(9,000)**	(9,000)
Consideration paid for redemption of non-controlling interests	**(10,000)**	(6,000)
NET CASH USED IN FINANCING ACTIVITIES	**(33,875)**	(57,382)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(95,591)**	65,157
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**133,447**	68,314
Effect of foreign exchange rate changes	**(339)**	(24)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**37,517**	133,447

1. GENERAL INFORMATION AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate controlling parties are Mr. Gao Mingqing and Ms. Gao Jinzhu.

The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The principal activity of the Company is investment holding. The Company's principal subsidiary, Jiangxi Province Yifeng Wanguo Mining Company Ltd ("Yifeng Wanguo"), located in Jiangxi Province, PRC, is engaged in mining and processing of ores and sales of processed concentrates in the PRC. Details of the Company's subsidiaries are set out in note 39.

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

The consolidated financial statements have been prepared on a going concern basis. As at 31 December 2014, the Group's current liabilities exceed its current assets by RMB34,017,000. In preparing the consolidated financial statements, the directors of the Company have reviewed the Group's financial and liquidity position, and taken into consideration the additional banking facilities of RMB600,000,000 obtained subsequent to 31 December 2014 and working capital expected to be generated from operating activities. The directors of the Company believe that the Group will be able to meet its full financial obligations as they fall due for the foreseeable future and accordingly, have prepared the consolidated financial statements on a going concern basis.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs and a new Interpretation that are mandatorily effective for the current year

The Group has applied the following amendments to the HKFRSs and a new interpretation issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

The adoption of the revised HKFRSs has had no material effect on the amounts reported in the consolidated financial statements or disclosures set out in the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Join Operations[5]
Amendments to HKAS 1	Disclosure Initiative[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[5]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[6]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 July 2014
5 Effective for annual periods beginning on or after 1 January 2016
6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods.

All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 9 Financial Instruments *(Continued)*

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that 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 recognition 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 of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors anticipate that, based on the financial instruments of the Group as at 31 December 2014, the adoption of HKFRS 9 will have no material effect on the Group's financial assets and financial liabilities.

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no significant impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its investment with the investee; and
- has the ability to use its power to affect the returns of the investee.

The Group reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins with the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries 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.

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 intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items 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.

Revenue recognition

Revenue is measured at fair value of consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income 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 estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or tax 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 temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises 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 associated with 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 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 profits 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.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and 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 current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

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. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Retirement benefit costs

Payments made to the Mandatory Provident Fund schemes in Hong Kong and PRC state-managed retirement benefits schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period that related services is rendered at the undiscounted amount of the benefits expected to be paid in exchange of that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange of that service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash flows expected to be made by the Group in respect of services provided by the employees up to the reporting date.

Inventories

Inventories are stated at the lower of costs and net realisable value. Costs of inventories are calculated using the weighted average cost method. Net realisable value represents the estimated selling price for inventories less all estimated cost of completion and cost necessary to make the sale.

Investment in a subsidiary

Investment in a subsidiary is stated in the statement of financial position of the Company at cost less accumulated impairment losses. Cost includes direct attributable costs of investment.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods, or for administrative purposes (other than construction in progress as described below) are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised to write off the cost of assets (other than construction in progress) less their residual values, over their estimated useful life, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress represents buildings and mining structures 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, if the amount of capital expenditures and the time involved to complete the construction are significant. 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.

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.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing *(Continued)*

The Group as lessee *(Continued)*

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

Interest in leasehold land accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

Mining right

Mining right with definite useful lives are carried at cost less accumulated amortisation and any accumulated impairment loss. Amortisation is provided using the unit of production method based on the actual production volume over the estimated total proven and probable reserves of the ore mine within the terms of licence.

Exploration and evaluation assets

All costs directly associated with exploration and evaluation are initially capitalised. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment loss. Exploration and evaluation assets are those expenditures for an area where technical feasibility and commercial viability has not been determined. Exploration and evaluation assets include topographical and geological surveys, exploratory drilling, sampling and activities in relation to commercial and technical feasibility studies, and expenditure incurred to secure further mineralisation in existing ore bodies and to expand the capacity of a mine.

Expenditure incurred prior to acquiring legal rights to explore an area is written off as incurred. When the technical feasibility and commercial viability of extracting mineral resources become demonstrable, previously recognised exploration and evaluation assets are reclassified to intangible assets or property, plant and equipment. These assets are assessed for impairment annually and before reclassification.

Impairment of exploration and evaluation assets

The carrying amount of the exploration and evaluation assets is reviewed annually and adjusted for impairment in accordance with HKAS 36 *Impairment of Assets* whenever one of the following events or changes in circumstances indicate that the carrying amount may not be recoverable (the list is not exhaustive):

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; or

- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

Impairment of tangible and intangible assets

At the end of each 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 the asset is estimated in order to determine the extent of the impairment loss, if any.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of tangible and intangible assets *(Continued)*

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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 years. A reversal of an impairment loss is recognised as income immediately.

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 instruments.

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. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified as financial assets at fair value through profit or loss ("FVTPL") or loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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 and points 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 other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at fair value through profit or loss

Financial assets at FVTPL include those financial assets designated as at FVTPL on initial recognition.

A financial asset may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at fair value through profit or loss (Continued)

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in other gains and income line item in the consolidated statement of comprehensive income.

Loans and receivables

Loans and receivables 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 (including trade and other receivables, restricted bank balances, and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be 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.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of loans and receivables, such as trade receivables, assets are assessed even if they were not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Other financial liabilities

The Group's other financial liabilities, including trade and other payables, consideration payable to a former non-controlling shareholder of a subsidiary and secured bank borrowings, are subsequently measured at amortised cost, using the effective interest method.

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.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the assets expire or, when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable is recognised in profit or loss.

Provision for restoration cost

The Group is required to make payments 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 PRC at the end of the reporting period, and using the cash flows forecast to estimate the present obligation, and is discounted to their present value where the effect is material.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other 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.

Amortisation of mining right

Mining right is amortised using the unit of production method based on the actual production volume over the estimated total proven and probable reserves of the ore mine within the licence term. The process of estimating quantities of reserves is inherently uncertain and complex. It requires significant judgements and decision based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from on-going development activities and production performance becomes available and as economic conditions impacting mineral prices and costs change. Reserve estimates are based on current production forecasts, prices and economic conditions. The directors exercise their judgement in estimating the total proven and probable reserves of the ore mine.

As at 31 December 2014, the carrying amount of the mining right is RMB8,176,000 (2013: RMB8,620,000). Details of the mining right are disclosed in note 16.

Impairment of exploration and evaluation assets

Exploration and evaluation assets are assessed for impairment when circumstances suggest that the carrying amount may exceed its recoverable amount. At this stage, the assessment of the recoverable amount involves judgment as to (i) the likely future commerciality of the asset and when such commerciality should be determined; and (ii) potential value to future exploration and evaluation activities of any geological and geographical data acquired. Any material adverse changes of these factors may cause impairment of the carrying value of the exploration and evaluation assets.

As at 31 December 2014, the carrying amount of the exploration and evaluation assets is RMB11,329,000 (2013: RMB8,894,000). Details of the exploration and evaluation assets are disclosed in note 17.

Provision for restoration cost

The provision for restoration cost has been estimated by the management based on current regulatory requirements and is discounted to their present value where the effect is material. However, significant changes in the regulation in relation to the restoration requirement will result in changes to provision from period to period. As at 31 December 2014, the carrying amount of the provision for restoration cost is RMB2,693,000 (2013: RMB2,197,000). Details of the provision for restoration cost are disclosed in note 30.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Useful lives of property, plant and equipment

The Group estimates useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and actions of the Group's competitors. The depreciation charge will increase where useful lives are less than previously estimated. The carrying amount of property, plant and equipment at 31 December 2014 is RMB339,125,000 (2013: RMB290,465,000). Details of the useful lives of property, plant and equipment are disclosed in note 15.

Impairment of mining structures and construction in progress

Mining structures and construction in progress are assessed for impairment when circumstances suggest that the carrying amount may exceed its recoverable amount. Key assumptions used in the assessment include annual production estimate, forecasted selling price, estimated period of production and discount rate.

As at 31 December 2014, the aggregate carrying amount of the mining structures and construction in progress is RMB220,340,000 (2013: RMB184,514,000). Details of the mining structures and construction in progress are disclosed in note 15.

5. REVENUE AND SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM"), being the executive directors of the Company, in order to allocate resources to segments and to assess their performance.

The Group operates in and all revenue is generated from the PRC. The Group's principal non-current assets are also located in the PRC.

Revenue represents revenue arising on sales of processed concentrates which comprise copper, iron, zinc, sulfur, gold in copper concentrates, silver in copper and zinc concentrates. An analysis of the Group's revenue for the reporting period is as follows:

	2014 **RMB'000**	2013 RMB'000
Sales of processed concentrates		
— Copper concentrates	**87,973**	107,966
— Iron concentrates	**57,598**	75,144
— Zinc concentrates	**24,826**	23,850
— Sulfur concentrates	**24,953**	23,622
— Gold in copper concentrates	**11,994**	12,978
— Silver in copper and zinc concentrates	**11,819**	17,878
	219,163	261,438

Information about major customers

Revenues from customers of the reporting periods contributing over 10% of the total sales of the Group are as follows:

	2014 **RMB'000**	2013 RMB'000
Customer A[1]	**92,757**	127,559
Customer B[2]	**43,853**	–
Customer C[3]	**28,635**	47,388
Customer D[3]	**24,350**	27,755

1 Revenue for sales of copper, zinc, gold in copper concentrates and silver in copper and zinc concentrates

2 Revenue for sales of copper, gold in copper concentrates and silver in copper concentrates

3 Revenue for sales of iron concentrates

6. OTHER INCOME

	2014 RMB'000	2013 RMB'000
Bank interest income	**408**	3,956
Government grant related to assets (note i)	**515**	515
Government subsidy (note ii)	**100**	4,815
Others	**21**	23
	1,044	9,309

Notes:

(i) Government grant represents the amount granted by the local government to Jiangxi Province Yifeng Wanguo Mining Company Ltd ("Yifeng Wanguo"), a wholly-owned subsidiary of the Company, for mining technology improvement and is released to income over the expected useful lives of the relevant assets resulting from the mining technology improvement (see note 29).

(ii) Government subsidy represents mineral resource fee and income tax expense refunded by the Bureau of Finance of Jiangxi Province to Yifeng Wanguo in relation to the incentive policy for foreign investment in the Jiangxi Province.

7. OTHER GAINS AND LOSSES

	2014 RMB'000	2013 RMB'000
Exchange loss	**(430)**	(11,742)
Investment income from structured deposits	**2,209**	1,631
Gain on disposal of property, plant and equipment	**240**	104
	2,019	(10,007)

8. FAIR VALUE GAIN ON FORWARD CONTRACTS

Changes in the fair values of non-hedging foreign currency forward contacts amounting to gain of RMB10,818,000 (2014: nil) were recognised in profit or loss during the year ended 31 December 2013.

9. FINANCE COSTS

	2014 RMB'000	2013 RMB'000
Interest on bank borrowings wholly repayable within five years	**2,288**	2,182
Imputed interest expenses on consideration payable to a former non-controlling shareholder of a subsidiary	**10,785**	10,471
Total borrowing costs	**13,073**	12,653
Less: amount capitalised	**(2)**	(630)
	13,071	12,023

10. INCOME TAX EXPENSE

	2014 RMB'000	2013 RMB'000
Current tax:		
— PRC Enterprise Income Tax ("EIT")	**14,390**	27,270
Deferred tax (note 21)		
Current year	**741**	1,462
	15,131	28,732

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profit subject to Hong Kong Profits Tax during both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of EIT Law, the tax rate of the PRC subsidiary was 25% during both years.

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows.

	2014 RMB'000	2013 RMB'000
Profit before tax	**39,178**	95,053
Tax at the EIT rate of 25%	**9,795**	23,763
Tax effect of expenses not deductible for tax purpose	**4,337**	7,037
Tax effect of income not taxable for tax purpose	**(135)**	(3,568)
Tax effect of tax losses not recognised	**334**	–
Withholding tax on distributable earnings of PRC subsidiary	**800**	1,500
Tax charge for the year	**15,131**	28,732

11. PROFIT FOR THE YEAR

	2014 RMB'000	2013 RMB'000
Profit for the year has been arrived at after charging:		
Directors' emoluments (note 12)	**3,348**	3,364
Other staff costs	**23,777**	23,923
Retirement benefit scheme contributions, excluding those of directors	**1,288**	943
Total staff costs	**28,413**	28,230
Depreciation of property, plant and equipment	**17,768**	14,677
Amortisation of mining right	**444**	414
Release of prepaid lease payments	**647**	491
Total depreciation and amortisation	**18,859**	15,582
Auditor's remuneration	**1,285**	1,295
Minimum lease payments under operating leases in respect of properties	**185**	26
Cost of inventories recognised as an expense	**132,316**	128,939

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors

Details of the emoluments paid or payable to the directors of the Company during the year are as follows:

For the year ended 31 December 2014

Name of directors	Fees RMB'000	Retirement benefit scheme contributions RMB'000	Other emoluments mainly salaries and allowance RMB'000	Total RMB'000
Executive directors:				
Mr. Gao Mingqing	–	–	693	693
Ms. Gao Jinzhu	–	–	443	443
Mr. Xie Yaolin	–	6	355	361
Mr. Liu Zhichun	–	6	555	561
Non-executive directors:				
Mr. Li Kwok Ping	–	–	200	200
Mr. Lee Hung Yuen	–	–	200	200
Mr. Wen Baolin	–	–	240	240
Independent and non-executive directors:				
Dr. Lu Jian Zhong	150	–	–	150
Mr. Qi Yang	150	–	–	150
Mr. Shen Peng	200	–	–	200
Mr. Li Hongchang	150	–	–	150
	650	12	2,686	3,348

For the year ended 31 December 2013

Name of directors	Fees RMB'000	Retirement benefit scheme contributions RMB'000	Other emoluments mainly salaries and allowance RMB'000	Total RMB'000
Executive directors:				
Mr. Gao Mingqing	–	–	703	703
Ms. Gao Jinzhu	–	–	453	453
Mr. Xie Yaolin	–	9	550	559
Mr. Liu Zhichun	–	9	350	359
Non-executive directors:				
Mr. Li Kwok Ping	–	–	200	200
Mr. Lee Hung Yuen	–	–	200	200
Mr. Wen Baolin	–	–	240	240
Independent and non-executive directors:				
Dr. Lu Jian Zhong	150	–	–	150
Mr. Qi Yang	150	–	–	150
Mr. Shen Peng	200	–	–	200
Mr. Li Hongchang	150	–	–	150
	650	18	2,696	3,364

Mr. Gao Mingqing is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(b) Employees

Of the five individuals with the highest emoluments in the Group, four (2013: four) were directors of the Company whose emoluments are included in the disclosures in (a) above. The emoluments of the remaining one (2013: one) individual were as follows:

	2014 **RMB'000**	2013 RMB'000
Salaries and other allowances	**700**	706
Retirement benefit scheme contributions	**13**	12
	713	718

Each of their emoluments during both years was within HK$1,000,000.

During both years, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments during both years.

13. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following data:

	2014 **RMB'000**	2013 RMB'000
Earnings:		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**24,047**	66,321
Number of shares:		
Number of ordinary shares for the purpose of basic earnings per share (in thousands)	**600,000**	600,000

No diluted earnings per share are presented as there were no potential dilutive ordinary shares in issue during both years.

14. DIVIDEND

During the reporting period, the Company recognised the following dividends as distribution:

	2014 **RMB'000**	2013 RMB'000
Final dividend for the year ended 31 December 2013 of RMB4.2 cents (2012: RMB3.6 cents) per share and a special dividend of RMB3.1 cents (2012: RMB3.1 cents) per share	**43,800**	40,200

A final dividend of HK$3.33 (RMB2.67) cents per share in respect of the year ended 31 December 2014, amounting to HK$19,980,000 (RMB16,000,000) in aggregate, has been proposed by the board of directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

15. PROPERTY, PLANT AND EQUIPMENT

	Mining structures RMB'000	Buildings RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Electronic equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 January 2013	82,176	42,749	38,456	4,619	2,529	80,885	251,414
Effect of foreign currency exchange differences	–	(246)	–	–	(15)	–	(261)
Additions	22	8,575	18	945	1,758	95,664	106,982
Transfer	31,610	34,195	8,177	102	3,357	(77,441)	–
Disposals	–	–	(299)	(728)	(13)	–	(1,040)
At 31 December 2013	113,808	85,273	46,352	4,938	7,616	99,108	357,095
Effect of foreign currency exchange differences	–	28	–	–	2	–	30
Additions	–	192	115	–	64	67,098	67,469
Transfer	10,264	4,744	19,026	430	634	(35,098)	–
Disposals	–	–	(6,586)	(74)	(251)	–	(6,911)
At 31 December 2014	**124,072**	**90,237**	**58,907**	**5,294**	**8,065**	**131,108**	**417,683**
DEPRECIATION							
At 1 January 2013	22,806	7,022	19,563	2,364	937	–	52,692
Effect of foreign currency exchange differences	–	(5)	–	–	(6)	–	(11)
Provided for the year	5,596	2,792	4,470	755	1,064	–	14,677
Eliminated on disposals	–	–	(37)	(682)	(9)	–	(728)
At 31 December 2013	28,402	9,809	23,996	2,437	1,986	–	66,630
Effect of foreign currency exchange differences	–	–	–	–	1	–	1
Provided for the year	6,438	3,817	4,620	822	2,071	–	17,768
Eliminated on disposals	–	–	(5,520)	(70)	(251)	–	(5,841)
At 31 December 2014	**34,840**	**13,626**	**23,096**	**3,189**	**3,807**	**–**	**78,558**
CARRYING VALUES							
At 31 December 2014	**89,232**	**76,611**	**35,811**	**2,105**	**4,258**	**131,108**	**339,125**
At 31 December 2013	85,406	75,464	22,356	2,501	5,630	99,108	290,465

All buildings are erected on land with land use rights under medium-term leases in the PRC.

The above items of property, plant and equipment are depreciated on a straight-line basis at the following estimated useful lives:

Mining structures	8–20 years
Buildings	20–30 years
Machinery	5–10 years
Motor vehicles	4–5 years
Electronic equipment	3–5 years

16. MINING RIGHT

	2014 **RMB'000**	2013 RMB'000
COST		
At beginning and end of the year	**12,000**	12,000
AMORTISATION		
At beginning of the year	**3,380**	2,966
Provided for the year	**444**	414
At end of the year	**3,824**	3,380
CARRYING VALUES	**8,176**	8,620

As at 31 December 2014 and 2013, the mining right was pledged to a bank to secure banking facilities granted to the Group.

The mining right represents the right to conduct mining activities in the Jiangxi Province in the PRC, and has legal lives of twenty-six years.

The mining right is amortised using the unit of production method based on the actual production volume over the estimated total proven and probable reserves of the ore mine within the terms of licence. The extension of the mining period and the enlargement of the annual production limit as mentioned above caused the change on total proven and probable reserves of the ore mine over the terms of licence.

17. EXPLORATION AND EVALUATION ASSETS

The exploration and evaluation assets represent all costs directly associated with exploration and evaluation and are initially capitalised. The exploration and evaluation activities are in the area of Xin Zhuang Town, Yifeng, Jiangxi Province, which is the principal place of business of Yifeng Wanguo, and in the area of Balcooma District and Einasleigh District, Australia, which is the principal place of business of the newly set up subsidiary.

18. PREPAID LEASE PAYMENTS

The prepaid lease payments represent land use rights in the PRC held under medium-term leases of 50 years and are analysed for reporting purposes as follows:

	2014 **RMB'000**	2013 RMB'000
Current portion	**647**	629
Non-current portion	**27,970**	28,635
	28,617	29,264

19. DEPOSIT FOR ACQUISITION OF LAND USE RIGHTS

As at 31 December 2014 and 31 December 2013, the amount represents deposit paid for acquisition of land use right in accordance with two reallocation compensation agreements signed in 2011 and 2012.

The Group has been granted with the relevant short-term land use rights for a term of two years for such land until April 2016. The Group expects to obtain the land use rights after the status of land is converted into state-owned land, the land use right agreement with the local government authority is signed and the consideration is fully paid.

20. DEPOSIT FOR ACQUISITION OF A SUBSIDIARY

On 26 October 2013, Yifeng Wanguo entered into a framework agreement in relation to a possible acquisition from three individuals (Mr. Wen Baolin, a non-executive director of the Company, and two individuals who are independent third parties not connected with the Group, collectively referred to as the "Vendors") 51% equity interest in Xizang Changdu-County Dadi Mining Company Limited ("Xizang Changdu"), which owns the exploration right of Walege lead mine of Changdu County, Tibet Autonomous Region, the PRC.

On 16 May 2014, Yifeng Wanguo and another wholly-owned subsidiary of the Company, Taylor Investment International Limited ("HK Taylor"), entered into two acquisition agreements with the Vendors for the acquisition of 51% equity interest in Xizang Changdu for a total consideration of RMB239,700,000 in aggregate.

A refundable deposit amounting to RMB9,600,000 has been paid in 2013. During 2014, no further deposit was paid for the acquisition.

21. DEFERRED TAXATION

The following is an analysis of the deferred tax balances for financial reporting purposes:

	2014 **RMB'000**	2013 RMB'000
Deferred tax assets	**2,301**	2,242
Deferred tax liabilities	**(2,300)**	(1,500)
	1	742

The following are the major deferred tax assets (liabilities) recognised and movements thereon during both years:

	Undistributed earnings of PRC subsidiary RMB'000	**Restoration cost and other provisions** RMB'000	**Government subsidy** RMB'000	**Total** RMB'000
At 1 January 2013	–	583	1,621	2,204
(Charge) credit to profit or loss	(1,500)	104	(66)	(1,462)
At 1 December 2013	(1,500)	687	1,555	742
(Charge) credit to profit or loss	(800)	124	(65)	(741)
At 31 December 2014	(2,300)	811	1,490	1

From 1 January 2008, pursuant to the EIT Law and its detailed implementation rules, dividend distributed out of the profit generated thereafter, shall be subject to EIT at 10% and withheld by the PRC entity. By the Tax Arrangement for Avoidance of Double Taxation between China and Hong Kong, a Hong Kong resident company should be entitled to preferential tax rate of 5% when receiving dividend from its PRC subsidiary. HK Taylor, which was incorporated in Hong Kong, enjoyed the preferential tax rate aforementioned. Accordingly, deferred taxation has been provided for in the consolidated financial statements in respect of the expected dividend stream from Yifeng Wanguo with the applicable tax rate of 5%.

22. INVENTORIES

	2014 RMB'000	2013 RMB'000
Mining products		
— Raw materials	**6,925**	7,877
— Work-in-progress	**9,121**	4,483
— Finished goods	**5,543**	1,570
	21,589	13,930

23. TRADE AND OTHER RECEIVABLES

	2014 RMB'000	2013 RMB'000
Trade receivables	**7,361**	9,295
Prepayments	**2,005**	1,466
Other receivables	**1,429**	126
	3,434	1,592
Total	**10,795**	10,887

The Group grants a credit period of up to 60 days to its trade customers. The following is an aged analysis of trade receivables presented based on the invoice dates at the end of the reporting period, which approximated the revenue recognition dates, as follows:

	2014 RMB'000	2013 RMB'000
0–30 days	**7,361**	9,295

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limits based on the findings from background search of the customer. The trade receivables that are neither past due nor impaired are mainly due from those customers who have long-term relationship with the Group and good payment history.

No trade receivables are past due as at the end of the reporting period.

The Group does not hold any collateral over these balances.

24. STRUCTURED DEPOSIT

The structured deposit as at 31 December 2014 is a principal-protected yield enhancement bank deposit and contains an embedded derivative, which represents the returns varying with the London Gold Fixing Price quoted on the London Bullion Market Association.

The structured deposit carries interest at a rate ranging from 3.30% to 4.65% per annum which will be determined by reference to the returns of the underlying investments and redemption period. The structured deposit is designated at fair value through profit or loss on initial recognition as it contains embedded derivatives that are closely related to the host contract.

As at 31 December 2014, the Group has pledged the structured deposit to a bank to secure banking facilities granted to the Group.

25. RESTRICTED BANK BALANCES/BANK BALANCES AND CASH

The restricted bank balances and bank balances and cash carry interest at market rates as follows:

	2014	2013
	%	%
Range of interest rates (per annum)	**0.01 to 3.00**	0.01 to 3.50

The restricted bank balances carried interest at a fixed rate of 3.0% per annum. They represent the guarantee deposits in specified accounts which are restricted for the usage for restoration of the land upon closure of mines.

The other bank deposits amounting to RMB199,000 as at 31 December 2014 carried interest at a fixed rate of 1.3% per annum with original maturity more than three months.

The bank balances and cash that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2014	2013
	RMB'000	RMB'000
HK$	**352**	455
AU$	**691**	12

26. TRADE AND OTHER PAYABLES

	2014	2013
	RMB'000	RMB'000
Trade payables	**11,680**	6,878
Advance from customers	**442**	1,039
Value-added tax, resource tax and other tax payables	**12,068**	9,902
Accrued expenses	**3,889**	3,439
Other payables for construction in progress and property, plant and equipment	**5,677**	10,957
Other payables for evaluation and exploration assets	**191**	2,552
	22,267	27,889
	33,947	34,767

The aged analysis of trade payables, presented based on the invoice date at the end of the reporting period, is as follows:

	2014	2013
	RMB'000	RMB'000
0–30 days	**7,111**	4,580
31–60 days	**2,566**	944
61–90 days	**678**	559
91–180 days	**493**	204
Over 180 days	**832**	591
	11,680	6,878

27. CONSIDERATION PAYABLE TO A FORMER NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

On 3 March 2012, Yifeng Wanguo, West-Jiangxi of the Bureau of Geology and Mineral Exploration of Jiangxi Province ("West-Jiangxi Brigade") and HK Taylor entered into a capital reduction agreement (the "Capital Reduction Agreement") pursuant to which, among other things, West-Jiangxi Brigade shall redeem all of its 12% equity investment in Yifeng Wanguo for a consideration of RMB207,872,000. The consideration shall be payable by Yifeng Wanguo to West-Jiangxi Brigade by instalments set out below:

(i) RMB6,000,000 within five working days after the completion of the Capital Reduction Agreement;

(ii) RMB6,000,000 in December of the year in which the completion of the Capital Reduction Agreement took place and the year thereafter, respectively;

(iii) RMB20,000,000 in December of the second year after the year in which the completion of the Capital Reduction Agreement took place; and

(iv) RMB42,468,000 in December of each of the third year to the sixth year after the year in which the completion of the Capital Reduction Agreement took place.

The Capital Reduction Agreement was approved by the relevant PRC government authorities on 23 April 2012. Upon the approval of the Capital Reduction Agreement and the completion of registration with the relevant authorities in the PRC, Yifeng Wanguo became a wholly-owned subsidiary of the Company on 27 April 2012.

As a result, the Group has recorded a liability of RMB153,584,000 which is the present value of the total consideration discounted at 7.05% payable by Yifeng Wanguo to West-Jiangxi Brigade as at the date of the completion of the transaction. The excess of the fair value of the consideration over the carrying value of the non-controlling interest as at the completion date was debited to equity by charging to statutory and surplus reserves and retained profits of the subsidiary which caused accumulated loss of the subsidiary. Accordingly, the total equity of the Group was reduced by RMB153,584,000 during the year ended 31 December 2012.

At the end of the reporting period, the carrying amount of consideration payable is repayable as below:

	2014 **RMB'000**	2013 RMB'000
— Within one year	**55,671**	24,683
— More than one year, but not exceeding two years	**37,058**	37,059
— More than two years, but not exceeding five years	**67,047**	97,249
	159,776	158,991
Less: amount due within one year shown under current liabilities	**55,671**	24,683
Amount shown under non-current liabilities	**104,105**	134,308

28. SECURED BANK BORROWINGS

	2014 RMB'000	2013 RMB'000
Secured bank borrowings		
— Floating rate	**49,318**	27,000
Carrying amount repayable:		
— within one year	**40,318**	9,000
— more than one year, but not exceeding two years	**9,000**	18,000
	49,318	27,000
Less: amount due within one year shown under current liabilities	**40,318**	9,000
Amount shown under non-current liabilities	**9,000**	18,000

The Group's floating-rate borrowings are mainly subject to interest at RMB Benchmark Loan Rates issued by the People's Bank of China. Interest is reset every year. The effective interest rates on the Group's borrowings were as follows:

	2014 %	2013 %
Effective interest rate (per annum)	**2.57 to 6.65**	6.67

29. DEFERRED INCOME

Deferred income represents government grants received by Yifeng Wanguo from the Yifeng Finance Bureau for mining technology improvement.

The deferred income is released to income over the expected useful life of the relevant assets resulting from the mining technology improvement. Movements of deferred income during the year are as follows:

	2014 RMB'000	2013 RMB'000
Government grant related to assets:		
At the beginning of the year	**16,138**	16,653
Released to profit or loss	**(515)**	(515)
At the end of the year	**15,623**	16,138

30. PROVISION

	2014 RMB'000	2013 RMB'000
At beginning of the year	**2,197**	1,734
Provision	**496**	463
At end of the year	**2,693**	2,197

In accordance with relevant PRC rules and regulations, the Group is obliged to restore the land upon closure of the mines. The Group provided the cost for restoration for its present obligation.

The provision for restoration costs has been determined by the directors based on their best estimates. The directors estimated this liability for restoration upon the closure of the mines based on detailed calculations of the amount and timing of future cash flows spending for a third party to perform the required work of restoration, including material cost and labour cost, escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability, such that the provision reflects the present value of the expenditures expected to be required to settle the obligation.

31. SHARE CAPITAL

Details of share capital of the Company are as follow:

	Number of shares '000	**Share capital** HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 January 2013, 31 December 2013 and 31 December 2014	1,000,000	100,000
Issued:		
At 1 January 2013, 31 December 2013 and 31 December 2014	600,000	60,000
		RMB'000
Shown in the consolidated statement of financial position as		48,955

32. PLEDGE OF ASSETS

At the end of the reporting period, the following assets were pledged to banks for banking facilities granted to the Group:

	2014 RMB'000	2013 RMB'000
Mining right	**8,176**	8,620
Structured deposit	**33,692**	–
	41,868	8,620

33. CAPITAL COMMITMENTS

	2014 **RMB'000**	2013 RMB'000
Capital expenditure contracted for but not provided for in the consolidated financial statements in respect of acquisition of land use right and property plant and equipment	**39,936**	20,816
Capital expenditure authorised for but not contracted for in respect of acquisition of 51% equity interest in Xizang Changdu (see note 20)	**230,100**	–
	270,036	20,816

34. LEASE COMMITMENTS

At the end of the reporting period, the total future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2014 **RMB'000**	2013 RMB'000
Within one year	**153**	184
In the second to fifth years	**–**	153
	153	337

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of two years and rentals are fixed for an average of two years.

35. RETIREMENT BENEFIT SCHEME

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs (with a cap in accordance with the statutory requirements) to the scheme, which contribution is matched by employees.

The Group participates in a state-managed defined contribution retirement scheme organised by the relevant local government authorities in the PRC. PRC employees of the Group eligible to participate in the retirement scheme are entitled to retirement benefits from the scheme. The Group is required to make monthly contributions to the retirement scheme of the eligible employees at specified percentage, ranging from 12% to 20%, of the payroll and the local government authority is responsible for the pension liabilities to these employees upon their retirement.

36. RELATED PARTY TRANSACTIONS

(a) Related party transactions

During the year, the Group has no transactions with its related parties.

(b) Compensation of key management personnel

The remuneration of key management personnel which represent the directors and employees of the Company during the year were as follows:

	2014 **RMB'000**	2013 RMB'000
Salaries and other allowances	**4,036**	4,052
Retirement benefit scheme contributions	**25**	30
	4,061	4,082

The remuneration of key management is determined having regard to the performance of individuals and market trends.

37. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners 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 debts, which include secured bank borrowings and equity attributable to owners of the Company, comprising issued share capital and various reserves.

The directors review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issue and the issue of new debt or the repayment of existing debt.

38. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2014 **RMB'000**	2013 RMB'000
Financial assets		
Designated at FVTPL — structured deposit	**33,692**	–
Loans and receivables (including cash and cash equivalents)	**48,927**	145,216
Financial liabilities		
Amortised cost	**226,642**	206,378

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, structured deposit, bank balances and cash, restricted bank balances, trade and other payables, consideration payable to a former non-controlling shareholder of a subsidiary and secured bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risks (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

38. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk

(i) Currency risk

The functional currency of the Company and its subsidiaries is RMB since all of the Group's revenue is derived from operations in the PRC and denominated in RMB.

The Group's exposure to foreign currency risk related primarily to certain bank balances, other receivables maintained in HK$ and AU$, and secured bank borrowings maintained in HK$.

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

Assets

	2014 **RMB'000**	2013 RMB'000
HK$	**395**	513
AU$	**779**	13

Liabilities

	2014 **RMB'000**	2013 RMB'000
HK$	**31,318**	–

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2013: 5%) increase or decrease in RMB against HK$ or AU$.5% (2013: 5%) represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis adjusts their translation at the year end for a 5% (2013: 5%) change in foreign currency rates.

	2014 **RMB'000**	2013 RMB'000
HK$ impact:		
5% increase in the value of the functional currency RMB		
Decrease (increase) in post-tax profit for the year	**1,160**	(19)
5% decrease in the value of the functional currency RMB		
(Increase) decrease in post-tax profit for the year	**(1,160)**	19
AU$ impact:		
5% increase in the value of the functional currency RMB		
Decrease in post-tax profit for the year	**(29)**	(1)
5% decrease in the value of the functional currency RMB		
Increase in post-tax profit for the year	**29**	1

In management's opinion, the sensitivity analysis is not necessarily representative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

38. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances (note 25) and secured bank borrowings (note 28).

The Group's cash flow interest rate risk on its bank balances is limited because these balances carry interest at prevailing rates and they are of short maturity.

The Group's exposures to interest rates on secured bank borrowings are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of People's Bank of China RMB Benchmark Loan Rates arising from the Group's RMB denominated borrowings, and the fluctuation of HIBOR rate from the Group's HK$ denominated borrowings.

The Group currently does not have an interest rate hedging policy in relation to fair value interest rate risk and cash flow interest rate risk. The directors monitor the Group's exposure on an on-going basis and will consider hedging the interest rate should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for bank balances and secured bank borrowings at the end of the reporting period. The analysis is prepared assuming the amount outstanding at the end of the reporting period was outstanding for the whole year. 50 basis points increase or 50 basis points decrease (2013: 50 basis points increase or decrease) represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2013: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2014 would increase by RMB23,594/decrease by RMB23,594 (2013: increase by RMB414,000/decrease by RMB414,000).

Credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause 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 in respect of trade receivables with 69% of total trade receivables as at 31 December 2014 (2013: 49%) which was due from one customer.

In order to minimise the credit risk, the Group's current credit practices include assessment and evaluation of customers' credit reliability and periodically review of their financial status to determine credit limit to be granted. The Group has been exploring new customers in order to reduce the concentration of credit risk.

The credit risk of the Group on the deposit paid for acquisition of property, plant and equipment and land use right are limited because the majority of the counterparties are the local government authorities.

The credit risk of the Group on liquid funds is limited because the majority of the counterparties are international banks and state-owned banks with good reputation.

38. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

In preparing the consolidated financial statements, the management of the Group has given careful consideration to the liquidity of the Group in light of the fact that the Group's current liabilities exceed its current assets by approximately RMB34 million as at 31 December 2014, and have been taking steps to improve the liquidity of the Group. Subsequent to 31 December 2014, the Group has been granted with banking facilities of RMB600,000,000 to enable it to satisfy its existing liabilities as and when they fall due and the Group's future expansion for the foreseeable future. The directors of the Company consider the Group's liquidity risk is minimal.

Liquidity tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date, which is also the agreed repayment date, on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

The amounts included above for variable rate instruments for non-derivative financial liabilities are subject to change if changes in variable rates differ to those estimates of interest rates determined at the end of the reporting period.

	Weighted average effective interest rate %	On demand/ less than 3 months RMB'000	3 months to 1 year RMB'000	1–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount RMB'000
As at 31 December 2014							
Non-derivative financial liabilities							
Trade and other payables		**11,680**	**5,868**	**–**	**–**	**17,548**	**17,548**
Consideration payable to a former non-controlling shareholder of a subsidiary	**7.05**	**16,000**	**42,468**	**127,404**	**–**	**185,872**	**159,776**
Secured bank borrowings — floating rate	**4.32**	**–**	**41,850**	**9,599**	**–**	**51,449**	**49,318**
		27,680	**90,186**	**137,003**	**–**	**254,869**	**226,642**
As at 31 December 2013							
Non-derivative financial liabilities							
Trade and other payables		20,387	–	–	–	20,387	20,387
Consideration payable to a former non-controlling shareholder of a subsidiary	7.05	6,000	20,000	169,872	–	195,872	158,991
Secured bank borrowings — floating rate	6.65	–	10,796	19,197	–	29,993	27,000
		26,387	30,796	189,069	–	246,252	206,378

38. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value measurements of financial instruments

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial assets	Fair value **2014** **RMB'000**	 2013 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)
Structured deposit classified as financial assets in the consolidated statement of financial position (note)	**33,692**	–	Level 2	Discounted cash flow with reference to price of gold quoted on the London Bullion Market Association as a key input.

Note: Significant unobservable inputs to the valuation include the market value of the underlying financial instruments of the structured deposits. All of these unobservable inputs are positively related to the fair value of the structured deposits.

There were no transfers between Level 1 and 2 in both years.

(ii) Fair value of financial instruments that are recorded at amortised cost

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

39. SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2014 and 2013 are as follows:

Name of subsidiaries	Place of incorporation/ establishment/ operation	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group **2014**	 2013	Principal activities
Directly owned					
Multinational International Holdings Limited	British Virgin Islands	US$50,000	**100%**	100%	Investment holding
Indirectly owned					
HK Taylor	Hong Kong	HK$86,900,000	**100%**	100%	Investment holding
Yifeng Wanguo[(#)]	The PRC	RMB268,990,000	**100%**	100%	Mining and processing of ores and sales of processed concentrates
Wanguo Australia International Group PTY Ltd.	Australia	AU$1,000	**100%**	–	Exploration of mineral resources

It was a sino-foreign equity joint venture enterprise with limited liability, and became a wholly foreign owned enterprise since 27 April 2012.

None of the subsidiaries had issued any debt securities at the end of the reporting period or at any time during both years.

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2014	2013
	RMB'000	RMB'000
Non-current Assets		
Interest in a subsidiary	**1**	1
Amount due from a subsidiary	**105,368**	147,959
	105,369	147,960
Current Assets		
Other receivables and prepayments	**710**	801
Bank balances and cash	**6**	62
	716	863
Total Assets	**106,085**	148,823
Capital and Reserves		
Share capital	**48,955**	48,955
Reserves	**57,130**	99,868
Total equity	**106,085**	148,823

Movement in reserves

	Share premium	**Accumulated losses**	**Total**
	RMB'000	RMB'000	RMB'000
At 1 January 2013	178,418	(9,129)	169,289
Loss and total comprehensive expense for the year	–	(29,221)	(29,221)
Dividend	(40,200)	–	(40,200)
At 31 December 2013	138,218	(38,350)	99,868
Profit and total comprehensive income for the year	–	1,062	1,062
Dividend	(43,800)	–	(43,800)
At 31 December 2014	**94,418**	**(37,288)**	**57,130**

SUMMARY FINANCIAL INFORMATION

RESULTS

	For the year ended 31 December				
	2014	2013	2012	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**219,163**	261,438	293,634	296,737	204,428
Profit before tax	**39,178**	95,053	86,143	112,698	73,219
Income tax expense	**(15,131)**	(28,732)	(22,145)	(31,004)	(19,392)
Profit and total comprehensive income for the year	**24,047**	66,321	63,998	81,694	53,827
Profit attributable to owners of the Company	**24,047**	66,321	60,229	73,258	48,430

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2014	2013	2012	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	**440,157**	391,626	276,577	207,098	148,354
Current assets	**104,439**	158,893	237,588	90,446	98,480
Current liabilities	**(138,456)**	(86,204)	(59,812)	(72,085)	(159,593)
Total assets less current liabilities	**406,140**	464,315	454,353	225,459	87,241
Non-current liabilities	**(133,721)**	(172,143)	(188,302)	(57,937)	(51,525)
Non-controlling interests	**–**	–	–	(14,614)	(6,178)
Equity attributable to owners of the Company	**272,419**	292,172	266,051	152,908	29,538