ZHAOJIN MINING INDUSTRY COMPANY LIMITED*
招金礦業股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1818)

招金礦業

ANNUAL REPORT 2014

* For identification purposes only

The Company is strategically based in the Zhaoyuan district in the Jiaodong peninsula of Shandong Province, the PRC, which has a long history of gold exploration and production. According to the China Gold Association, gold resources in Zhaoyuan district account for approximately 10% of the remaining gold resources in the PRC. Zhaoyuan district, which is named by China Gold Association as the "Gold Capital of the PRC", is the largest gold production base and the first gold production city in the PRC.

Positioning Zhaoyuan, Eyeing Nationwide

By leveraging prime geographical locations, abundant mineral resources, advanced techniques and technologies and innovative management model, the Company is committed to the pure gold production, continuously increasing gold reserves and gold production, proactively participating in the consolidation and development of domestic and overseas gold resources.

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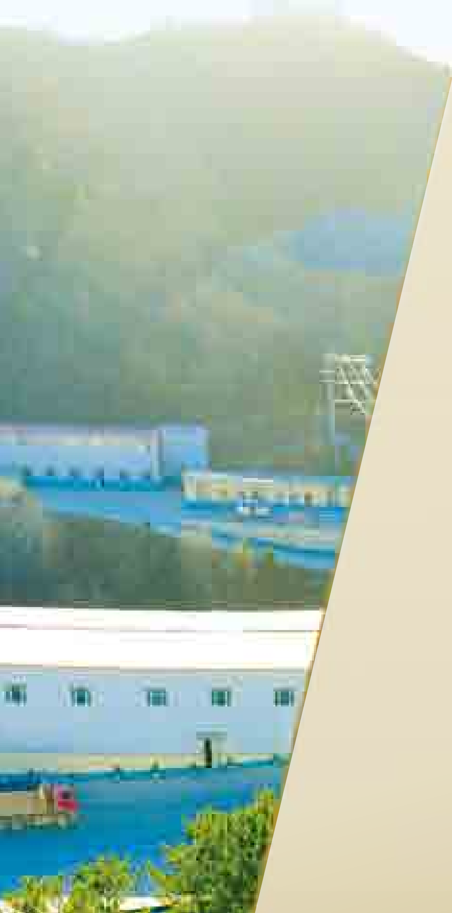


Corporate Information

Name of the Company (Chinese)
招金礦業股份有限公司

Name of the Company
Zhaojin Mining Industry Company Limited*

Legal Representative
Mr. Weng Zhanbin

Executive Directors
Mr. Weng Zhanbin *(Chairman)*
Mr. Li Xiuchen *(President)*
Mr. Lu Dongshang
Mr. Cong Jianmao

Non-executive Directors
Mr. Liang Xinjun *(Vice Chairman)*
Mr. Xu Xiaoliang
Mr. Wu Yijian

Independent Non-executive Directors
Ms. Chen Jinrong
Mr. Choy Sze Chung Jojo
Mr. Xie Jiyuan
Mr. Nie Fengjun

Members of the Supervisory Committee
Mr. Wang Xiaojie
(Chairman of the Supervisory Committee)
Ms. Jin Ting
Mr. Chu Yushan

Secretary to the Board
Mr. Wang Ligang

Company Secretary
Ms. Mok Ming Wai

Qualified Accountant
Mr. Ma Ving Lung Nelson

Authorised Representatives
Mr. Weng Zhanbin *(Chairman)*
Mr. Li Xiuchen *(President)*

Audit Committee Members
Ms. Chen Jinrong
(Chairman of the Audit Committee)
Mr. Xu Xiaoliang
Mr. Choy Sze Chung Jojo

Strategic Committee Members
Mr. Lu Dongshang
(Chairman of the Strategic Committee)
Mr. Liang Xinjun
Mr. Weng Zhanbin

Nomination and Remuneration Committee Members
Mr. Choy Sze Chung Jojo
(Chairman of the Nomination and Remuneration Committee)
Mr. Liang Xinjun
Mr. Cong Jianmao
Mr. Nie Fengjun
Ms. Chen Jinrong

Geological and Resources Management Committee Members
Mr. Nie Fengjun
(Chairman of the Geological and Resources Management Committee)
Mr. Weng Zhanbin
Mr. Xie Jiyuan

* *For identification purpose only*

Safety and Environmental Protection Committee Members

Mr. Li Xiuchen
(Chairman of the Safety and Environmental Protection Committee)
Mr. Cong Jianmao
Mr. Xie Jiyuan

Auditors

International Auditor:

Ernst & Young
22nd Floor
CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

PRC Auditor:

Shulun Pan Certified Public Accountants
4/F, New Whampoa Finance Building
No. 61 Nanjing Road East
Shanghai
PRC

Legal Advisers

PRC Law Adviser:

King & Wood PRC Lawyers
17th Floor, One ICC
Shanghai International Commerce Center
999 Middle Huai Hai Road
Shanghai 200031
PRC

Hong Kong Law Adviser:

Eversheds
21/F
Gloucester Tower
The Landmark
15 Queen's Road Central
Central
Hong Kong

Registered Office

No. 299 Jinhui Road
Zhaoyuan City
Shandong Province
PRC

Principal Place of Business in Hong Kong

36th Floor
Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Hong Kong H Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712–16, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Principal Bankers

Bank of China
78 Fuqian Road
Zhaoyuan City
Shandong
PRC

Agricultural Bank of China
298 Wenquan Road
Zhaoyuan City
Shandong
PRC

Company Website

www.zhaojin.com.cn

Stock Code

1818

Corporate Profile

Zhaojin Mining Industry Company Limited ("Zhaojin Mining" or the "Company") (stock code: 1818) and its subsidiaries (collectively the "Group") were jointly established by Shandong Zhaojin Group Company Limited (the "Zhaojin Group"), Shanghai Fosun Industrial Investment Co., Ltd. ("Shanghai Fosun"), Shanghai Yuyuan Tourist Mart Co., Ltd. ("Shanghai Yuyuan"), Shenzhen Guangxin Investments Co., Ltd.* ("Guangxin Investments") and Shanghai Laomiao Gold Co., Ltd. ("Laomiao Gold") with the approval of the People's Government of Shandong Province. The Company was incorporated as a joint stock limited company in the People's Republic of China (the "PRC") on 16 April 2004 and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 8 December 2006.

The Company is an integrated large-scale enterprise with exploration, mining, processing and smelting operations focusing on the gold production business. The Company is one of the leading gold producers and one of the largest enterprises of gold smelting in the PRC. Our principal products include standard Au9999 and Au9995 gold bullions. Our main production techniques and equipment are of advanced level domestically and internationally.

The Company is strategically based in the Zhaoyuan district in the Jiaodong peninsula of Shandong Province, the PRC, which has a long history of gold exploration and production. According to the China Gold Association, gold resources in Zhaoyuan district account for approximately 10% of the remaining gold resources in the PRC. Zhaoyuan district, which is named by China Gold Association as the "Gold Capital of the PRC", is the largest gold production base and the first gold production city in the PRC.

Recently, the Company has endeavored to focus on gold mining as well as technology and management innovation in order to strengthen our technologies and cost advantages in the industry. Thus, the Company has achieved remarkable results with increasing gold reserves, production volume and corporate efficiency. As at 31 December 2014, the Company owns a number of subsidiaries, joint ventures and associates nationwide, with their businesses covering major gold production regions in the PRC. As at 31 December 2014, when measured according to the Code of the Joint Ore Reserves Committee in Australia (the "JORC"), our gold ore resources reserve were approximately 26,080 kozs (as at 31 December 2013: approximately 25,440 kozs), and our recoverable gold reserves were approximately 11,980 kozs (as at 31 December 2013: approximately 12,290 kozs).

Looking ahead, the Company will continue to adhere to the strategy of "developing gold mining business in a righteous manner by leveraging on its long history". With favourable location, abundant resources, advanced techniques and technologies and innovative management model, the Company is committed to the pure gold production, continuously increasing gold reserves and gold production, proactively participating in the consolidation and development of domestic and overseas gold resources. The Company will strive to attain continuous growth in the profits and become one of the top and leading gold production enterprises in the PRC and the world with an aim to repay the shareholders and society with the best results.

* On 31 August 2009, Zhaoyuan City State-owned Assets Operation Ltd. has successfully acquired a total of 42,400,000 domestic shares of the Company held by Guangxin Investment, which constituted approximately 2.86% of the entire issued share capital of the Company.

Financial Summary

Summary of Operating Results

	For the year ended 31 December				
	2014	2013	2012	2011	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	**5,606,182**	6,344,124	7,603,745	5,741,105	4,097,800
Gross profit	**2,172,407**	2,240,495	3,691,668	3,052,520	2,310,842
Share of profit of associates	**6,597**	12,977	10,166	6,940	3,961
Share of profit/(loss) of a joint venture	**19,236**	7,536	(8,292)	16,820	–
Profit before tax	**683,024**	993,557	2,661,852	2,285,920	1,651,898
Profit attributable to equity holders of the Company	**455,388**	734,085	1,923,521	1,661,578	1,201,731
Earnings per share (RMB)	**0.15**	0.25	0.66	0.57	0.41

Summary of Assets

	As at 31 December				
	2014	2013	2012	2011	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	**26,400,310**	23,372,457	17,917,038	13,255,843	9,414,933
Cash and cash equivalents	**1,254,916**	1,035,825	1,349,084	1,237,921	781,888
Cash and cash equivalents listed as assets of disposal groups held for sale	**—**	—	—	—	4,553
Total liabilities	**(16,650,346)**	(14,049,659)	(8,669,415)	(6,258,396)	(3,639,289)
Net assets	**9,749,964**	9,322,798	9,247,625	6,997,447	5,775,644
Net assets per share (RMB)	**3.29**	3.14	3.17	2.40	1.98

The above earnings per share and net assets per share for 2014 are based on the weighted average number of ordinary shares of 2,965,827,000 (2010 and 2011: 2,914,860,000, 2012: 2,919,107,000, 2013: 2,965,827,000) in issue during the year.

Chairman's Statement

Weng Zhanbin
Chairman

To Shareholders,

I am pleased to present the annual report of Zhaojin Mining Industry Company Limited (the "Company", "Zhaojin", "Zhaojin Mining") and its subsidiaries (collectively the "Group") for the year ended 31 December 2014 (the "Year") on behalf of the board of directors (the "Board") of the Company. I would also like to express our kind regards to all shareholders of the Company (the "Shareholders") on behalf of the Board and all staff members.

Chairman's Statement

Annual Review

2014, the 10th year since the establishment of Zhaojin Mining, witnessed remarkable results of the Company. Facing challenges including struggling recovery of global economy, sluggish gold market with a downward trend, and the combined effect of risk factors, all members of Zhaojin actively coped with challenges with great courage and ambitions, which facilitated the Company's all-round and sound development. As at 31 December 2014, the Company's total output of gold amounted to 1,057.9 kozs (32,904.96 kg), representing an increase of 14.06% as compared with the corresponding period of last year. In particular, 541.38155 kozs (approximately 16,838.86 kg) of gold was self-produced, representing a year-on-year increase of approximately 11.32%.

Outlook

In 2015, quality, efficiency, compliance and stability are the "New Normality" of the development of the Company. With focus on quality and effectiveness, we will constantly adjust and optimize the structure, speed up internal reforms and promote innovation in management model, in a bid to continuously enhance the quality and strength of effective development and low-cost operation.

In 2015, Zhaojin Mining will lay the foundation for our transitional development. We will focus on strengthening internal risk control through re-engineering the flow of system to continuously improve the modern corporate governance. Our governance ability as a modern company will be further improved through developing investment and financing channels and building an expert team for investment and financing with adoption of Chinese conventional wisdom including "frugality, discipline, high standard on the management, being kind to people and meritocracy". In the sluggish industry, we will strengthen technology innovation and increase investment in human resources, informationalization and eco-environment protection to generate new internal motivation for the development of the Company. By leveraging the growth momentum of China, we will spare no efforts to become a world leading gold mining company with global investment capability, so as to create more value for shareholders, employees, society and the government.

Chairman's Statement

Acknowledgement

The production of gold by the Group grew steadily in 2014. Reserves increased greatly and growth was maintained in a stable manner. These results derived not only from the achievements made from the Group's production management, cost control efforts and enhancement of corporate governance capabilities but also as a result of all the hard work and endeavors of the staff. It was closely related to the care and support of the shareholders of the Group, and the enormous support from the stakeholders of the Group at large.

I would like to express my sincere gratitude to all shareholders and the public that cares about the Group. I would also like to extend my sincere respect to all dedicated Directors and all diligent employees. The Group will continue to fulfil the mission of constructing four model mines that are "ecological", "environmental friendly", "efficient in development", "safe and healthy", "welcome by government and community", striving to maximize values for shareholders.

Weng Zhanbin
Chairman

20 March 2015

Management Discussion and Analysis

The following discussions should be read in conjunction with the audited financial statements of the Group and the notes thereto contained in this annual report and other sections.

Results for the Year

Gold Output

For the year ended 31 December 2014, the Group's total output of gold amounted to 32,904.96 kg (approximately 1,057,918.26 ozs), representing an increase of approximately 14.06% as compared to the previous year. Among which, 20,097.54 kg (approximately 646,150.34 ozs) of gold was mine-produced gold, representing a decrease of approximately 0.065% as compared to the previous year, and 12,807.42 kg (approximately 411,767.92 ozs) was smelted and processed gold, representing a rise of approximately 46.56% as compared to the previous year.

Revenue

For the year ended 31 December 2014, the Group's revenue was approximately RMB5,606,182,000 (2013: RMB6,344,124,000), representing a decrease of approximately 11.63% as compared to the previous year.

Net Profit

For the year ended 31 December 2014, the Group's net profit was approximately RMB506,741,000 (2013: RMB767,400,000), representing a decrease of approximately 33.97% as compared to the previous year.

Earnings Per Share

For the year ended 31 December 2014, the basic and diluted earnings per share attributable to ordinary equity holders of the parent amounted to approximately RMB0.15 (2013: RMB0.25), representing a decrease of approximately 40% as compared to the previous year.

Management Discussion and Analysis

Analysis of Results

The drop in profit was primarily attributable to the drop in gold prices during the year, which led to a drop in the selling price of gold and the increase in interests accrued from private placement of financial instruments and gold leasing business.

Distribution Proposal

The Board proposed the payment of a cash dividend of RMB0.05 (tax included) per share (2013: RMB0.1 (tax included)) to all shareholders.

Regarding the distribution of cash dividend, dividends for shareholders of domestic shares will be declared and paid in RMB, whereas dividends for shareholders of H shares will be declared in RMB and paid in Hong Kong dollars.

The proposed distribution proposal for the Year is subject to the approval by the shareholders at the annual general meeting for the year ended 31 December 2014 ("2014 AGM"), which will be held on Wednesday, 27 May 2015.

If the distribution proposal is approved at the 2014 AGM, it is expected that the final dividend for the year ended 31 December 2014 will be paid on or before Tuesday, 30 June 2015 to the shareholders whose names appear on the register of members of the Company on Saturday, 6 June 2015.

Under the relevant tax rules and regulations of the PRC (collectively the "PRC Tax Law"), the Company is required to withhold and pay the corporate income tax at the rate of 10% when distributing the final dividend to non-resident enterprises (which shall have the meaning as defined under the PRC Tax Law) whose names appear on the H shares register of members of the Company on Saturday, 6 June 2015.

In accordance with the PRC Tax Law, the Company is required to withhold and pay individual income tax when distributing the final dividend to individual shareholders whose names appear on the H shares register of members of the Company on Saturday, 6 June 2015. Individual H shareholders are entitled to certain tax preferential treatments according to the bilateral tax treaties between countries where the individual H shareholders are residents and China and the bilateral tax treaties between mainland China and Hong Kong or Macau. The Company would withhold the individual income tax at the tax rate of 10% on behalf of the individual H shareholders who are Hong Kong residents, Macau residents or residents of those countries which have bilateral tax treaties with China for personal income tax rate in respect of dividend of 10%. For individual H shareholders who are residents of those countries entered into agreements with China for personal income tax rates in respect of dividend of lower than 10%, the Company would make applications on their behalf for entitlement of the relevant agreed preferential treatments pursuant to the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative) (Guo Shui Fa [2009] No. 124) (《國家稅務總局關於印發〈非居民享受稅收協議待遇管理辦法(試行)〉的通知》(國稅發[2009]124號)). For individual H shareholders who are residents of those countries having bilateral tax treaties with China for personal income tax rates in respect of dividend of higher than 10% but lower than 20%, the Company would withhold and pay the individual income tax at the actual tax rate. For individual H shareholders who are residents of those countries without any bilateral tax treaties with China or having bilateral tax treaties with China for personal income tax in respect of dividend of 20% and other situations, the Company would withhold and pay the individual income tax at a tax rate of 20%.

In accordance with the PRC Tax Law, the Company has an obligation to withhold and pay the corporate income tax and individual income tax for payment of the final dividend to non-resident enterprises and individual shareholders whose names appear on the H shares register of members of the Company on Saturday, 6 June 2015. If the resident enterprises (which shall have the meaning as defined under the PRC Tax Law) and overseas resident individual shareholders whose names appear on the H shares register of members of the Company on Saturday, 6 June 2015 do not wish to have the corporate income tax and individual income tax withheld and paid by the Company, they should lodge with Computershare Hong Kong Investor Services Limited the relevant documents issued by the relevant PRC tax authority certifying that they are resident enterprises or individual shareholders, on or before 4:30 p.m. on Monday, 1 June 2015. The address of Computershare Hong Kong Investor Services Limited is 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

The Company will withhold and pay the corporate income tax and individual income tax in strict compliance with the PRC Tax Law and the requirements of the relevant government authorities. The Company shall not be liable for any dispute relating to the withholding and payment of corporate income tax and individual income tax which arises from the failure of non-resident enterprises and individual shareholders to lodge the relevant documents within the prescribed timeframe as mentioned above.

Management Discussion and Analysis

Market Overview

In 2014, affected by the recovery of US economy, the slump of international crude oil price, geopolitics and other factors, the gold price fluctuated significantly. Nevertheless, as compared to that of 2013, the international gold price experienced a slower decline while staying weak at a low level with readjustment.

At the beginning of 2014, given the expected postponement in implementing tightened monetary policy by the Federal Reserve and the slowdown in American economy, the international gold price was picking up following the drop in 2013. In early March, stimulated by the need for risk aversion arising from the deteriorated situation in Ukraine, the international gold price had once been rising for several weeks and almost reached US$1,400/oz. However, the upward momentum was hindered and the price fell back after hitting the peak at around US$1,392/oz and fluctuated downward in the last nine months of 2014. From mid-March to mid-July, the international gold price was dragged to US$1,240.60/oz, lower than the benchmark of US$1,300/oz due to the record high of U.S. stock market, the relief of the tense situation in Ukraine and the steady recovery of U.S. economy. The international gold price subsequently rebounded slightly, attributable to the small decrease in the U.S. stock market and the financial problems of Banco Espirito Santo (BES), the biggest listed bank of Portugal. From mid-July to early November, the S&P 500 Index soared to over 2,000 points while economic indicators of the U.S. such as gross domestic product and employment rate were robust with crude oil price plunging, which had the international gold price drop to lower than US$1,180/oz, a crucial support level, and it further declined to the bottom price of US$1,131.70/oz at the beginning of November after the official announcement of exiting the quantitative easing policy (QE) by the Federal Reserve at the end of October. From mid-November to late December, given the decline in U.S. dollar index, the support of India with less import restriction and the increase in the crude oil price, the international gold price climbed slightly and fluctuated at around US$1,200/oz at the end of the year.

In 2014, the international gold price opened at US$1,205.10/oz. and reached the highest price of US$1,392.08/oz on 17 March. Its close price was US$1,183.97/oz for the year, representing an accumulated decline of approximately 1.75% throughout the year. The average price for the year was US$1,266/oz. The opening price of the "Au9995" in the Shanghai Gold Exchange was RMB238.99/g with the highest at RMB273.25/g and the lowest at RMB223.00/g. The closing price was RMB240.05/g and the annual average price was approximately RMB249.12/g, representing a decrease of approximately 10.93% as compared with the corresponding period of last year.

According to the latest statistics from the China Gold Association, China's gold output reached 451.799 tons in 2014, representing an increase of approximately 5.52% as compared with the corresponding period of the previous year. This historic high enable China to rank the No. 1 gold producer in the world for eight consecutive years.

Business Review

Gold Output Increased Steadily with Improved Organisation of Production Structure

In 2014, the Company overcame adverse conditions by actively optimizing the organisation of the production structure while the leading and backbone enterprises gave full play to their capacity strength to the growth, which enabled major production indicators to improve expeditiously. Its total output of gold amounted to 1,057,918.26 ozs (approximately 32,904.96 kg), representing an increase of approximately 14.06% as compared to the same period of last year. Among which, 646,150.34 ozs (approximately 20,097.54 kg) of gold was mine-produced gold, representing a decrease of approximately 0.065% as compared to the same period of last year; 541,381.55 ozs (approximately 16,838.86 kg) of gold was self-produced gold, representing a rise of approximately 11.32% as compared to the same period of last year, and; 411,767.92 ozs (approximately 12,807.42 kg) was smelted and processed gold, representing a rise of approximately 46.56% as compared to the same period of last year. Calculated based on the regions, the self-produced gold output of mines in the Zhaoyuan City amounted to 296,258.37 ozs (9,214.65 kg), representing a year-on-year increase of 0.12%; the self-produced gold output of mines outside the Zhaoyuan City increased by 28.71% to 245,123.18 ozs (7,624.19 kg) as compared with the corresponding period of last year. With the increasing share of mines outside the Zhaoyuan City in the total capacity of the Company, the industrial pattern of "even share of mines inside and outside Zhaoyuan City" was preliminary established.

Self-owned Resources Increased Steadily with New Record in Resource Reserve

In 2014, the Company increased efforts to explore mine resources and pushed on exploration work in a timely manner. In the meantime, it also tried to make breakthrough in mineral prospecting and exploration to increase reserves. The Company accumulated investments for the year of 2014 in prospecting is RMB190 million, which includes tunneling of 49,500 meters, drilling of 298,400 meters and additional gold resources of 69.65 tons, and additional copper of 25,500 tons. In the meantime, the Company seized the favourable opportunity arising from the low market value of gold mining rights to mainly trace and promote quality mining right projects. The investment for the year amounted to RMB289,781,400 for the acquisition of the 51% equity interest in Xiahe Binghua Mining Industry Company Limited* (夏河縣冰華礦業有限責任公司), the mining rights covering an area of 6.8172 km^2 and 40 tons of gold. The Company also obtained the Fuqiang Gold and Molybdenum Mine Project in Heilongjiang through public auction with additional exploration rights of 24.14 km^2. As at 31 December 2014, the Company owned 38 mining rights and 43 exploration rights in total, with areas of 139.9828 km^2 and 1,072.55 km^2 respectively. As at 31 December 2014, according to Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC") standards, the Company's gold resource amounted to 811.12 tons (approximately 26.08 million ozs), and the mineable reserves amounted to 372.48 tons (approximately 11.98 million ozs).

Management Discussion and Analysis

As at 31 December 2014, the retained resources/reserves of Zhaojin's main mines as per the JORC standards are shown in the following tables. The retained resources/reserves herein have been substantiated by the Company's internal professional technicians and experts.

Table 1: Statistics of Zhaojin's Mineral Resources (as at 31 December 2014)

				JORC-Code-Complied Resources	
No.	Name of the mine	Mineral	Unit	Measured+ Indicated	Inferred
1	Zhaoyuan Xiadian	Gold	Ore (Mt)	34.290	12.407
			Grade (g/t)	3.16	3.37
			Metal (t)	108.43	41.87
2	Zhaoyuan Hedong	Gold	Ore (Mt)	2.647	2.555
			Grade (g/t)	4.40	3.79
			Metal (t)	11.64	9.68
3	Zhaoyuan Dayinggezhuang	Gold	Ore (Mt)	58.213	38.136
			Grade (g/t)	2.55	2.56
			Metal (t)	148.57	97.81
4	Zhaoyuan Jinchiling	Gold	Ore (Mt)	0.217	0.711
			Grade (g/t)	5.26	5.97
			Metal (t)	1.14	4.24
5	Zhaoyuan Jintingling	Gold	Ore (Mt)	1.923	3.434
			Grade (g/t)	4.08	5.87
			Metal (t)	7.85	20.14
6	Zhaoyuan Canzhuang	Gold	Ore (Mt)	3.201	5.060
			Grade (g/t)	3.23	4.46
			Metal (t)	10.34	22.56
7	Daqinjia Gold Mine	Gold	Ore (Mt)	0.881	0.525
			Grade (g/t)	4.08	3.37
			Metal (t)	3.59	1.77
8	Jishan Gold Mine	Gold	Ore (Mt)	0.327	0.042
			Grade (g/t)	4.18	3.40
			Metal (t)	1.37	0.14
9	Zhaojin Beijiang	Gold	Ore (Mt)	1.577	2.530
			Grade (g/t)	4.67	4.11
			Metal (t)	7.37	10.40
10	Tianhao of Min County	Gold	Ore (Mt)	4.363	2.008
			Grade (g/t)	2.48	2.05
			Metal (t)	10.83	4.11

No.	Name of the mine	Mineral	Unit	JORC-Code-Complied Resources Measured+ Indicated	Inferred
11	Zhaojin Kunhe	Gold	Ore (Mt)	0.170	0.177
			Grade (g/t)	5.54	4.90
			Metal (t)	0.94	0.87
12	Jinhanzun Mining	Gold	Ore (Mt)	0.158	1.505
			Grade (g/t)	3.01	4.83
			Metal (t)	0.47	7.27
13	Fengning Jinlong	Gold	Ore (Mt)	2.056	3.435
			Grade (g/t)	3.67	3.86
			Metal (t)	7.55	13.28
14	Zaozigou Gold Mine	Gold	Ore (Mt)	5.373	10.122
			Grade (g/t)	5.22	3.98
			Metal (t)	28.06	40.27
15	Xinhe Mining	Gold	Ore (Mt)	0.250	0.138
			Grade (g/t)	4.06	2.97
			Metal (t)	1.02	0.41
16	Gansu Liangdang	Gold	Ore (Mt)	1.158	8.187
			Grade (g/t)	2.43	2.20
			Metal (t)	2.82	18.05
17	Zhaojin Baiyun	Gold	Ore (Mt)	0.722	17.030
			Grade (g/t)	2.44	2.83
			Metal (t)	1.76	48.13
18	Qinghe Mining	Gold	Ore (Mt)	3.295	1.836
			Grade (g/t)	6.60	5.57
			Metal (t)	21.75	10.22
19	Longxin Mining	Gold	Ore (Mt)	1.219	2.127
			Grade (g/t)	5.28	2.75
			Metal (t)	6.43	5.86
20	Hezhengxinyuan	Gold	Ore (Mt)	0.232	0.736
			Grade (g/t)	5.97	5.20
			Metal (t)	1.38	3.83

				JORC-Code-Complied Resources	
No.	Name of the mine	Mineral	Unit	Measured+ Indicated	Inferred
21	Xinrui Mining	Gold	Ore (Mt)	2.975	8.212
			Grade (g/t)	2.62	2.39
			Metal (t)	7.79	19.60
22	Zhaojin Zhengyuan	Gold	Ore (Mt)	0.062	0.654
			Grade (g/t)	5.79	3.65
			Metal (t)	0.36	2.39
23	Liyuan Gold Mine	Gold	Ore (Mt)	0.751	0.692
			Grade (g/t)	7.78	5.27
			Metal (t)	5.84	3.65
24	Yingzuishan Gold Mine	Gold	Ore (Mt)	0.257	1.616
			Grade (g/t)	4.95	6.25
			Metal (t)	1.27	10.11
25	Sanfengshan Gold Mine	Gold	Ore (Mt)	—	0.578
			Grade (g/t)	—	3.77
			Metal (t)	—	2.18
		Copper	Ore (Mt)	0.533	1.007
			Grade (%)	1.93	2.08
			Metal (Kt)	10.30	20.98
26	Yuantong Mining	Gold	Ore (Mt)	0.088	1.431
			Grade (g/t)	8.02	9.08
			Metal (t)	0.71	12.99
27	Tonghui Mining	Copper	Ore (Mt)	5.487	1.723
			Grade (%)	2.06	1.47
			Metal (Kt)	112.80	25.38
28	Dishui Copper Mine	Copper	Ore (Mt)	1.590	28.145
			Grade (%)	0.92	1.06
			Metal (Kt)	14.65	298.65
	Mine Total	Gold	Ore (Mt)	126.404	125.885
			Grade (g/t)	3.16	3.27
			Metal (t)	399.29	411.83
		Copper	Ore (Mt)	7.610	30.88
			Grade (%)	1.81	1.12
			Metal (Kt)	137.74	345.01

Table 2: Statistics of Zhaojin's Recoverable Reserve (as at 31 December 2014)

No.	Name of mine	Mineral	Unit	Measured	Indicated	Measured+ Indicated	Inferred	Proved	Probable	Total
1	Zhaoyuan Xiadian	Gold	Ore (Mt)	3.743	30.547	34.290	12.407	3.773	30.788	34.560
			Grade (g/t)	3.94	3.07	3.16	3.37	3.62	2.82	2.91
			Metal (t)	14.73	93.69	108.43	41.87	13.67	86.94	100.61
2	Zhaoyuan Hedong	Gold	Ore (Mt)	1.127	1.520	2.647	2.555	1.135	1.531	2.666
			Grade (g/t)	4.72	4.16	4.40	3.79	4.47	3.94	4.16
			Metal (t)	5.32	6.32	11.64	9.68	5.08	6.03	11.10
3	Zhaoyuan Dayinggezhuang	Gold	Ore (Mt)	5.818	52.395	58.213	38.136	6.101	54.944	61.044
			Grade (g/t)	2.41	2.57	2.55	2.56	2.24	2.38	2.37
			Metal (t)	14.04	134.53	148.57	97.81	13.67	130.93	144.60
4	Zhaoyuan Jinchiling	Gold	Ore (Mt)	—	0.217	0.217	0.711	—	0.253	0.253
			Grade (g/t)	—	5.26	5.26	5.97	—	4.27	4.27
			Metal (t)	—	1.14	1.14	4.24	—	1.08	1.08
5	Zhaoyuan Jintingling	Gold	Ore (Mt)	0.149	1.775	1.923	3.434	0.147	1.757	1.904
			Grade (g/t)	7.63	3.79	4.08	5.87	7.23	3.59	3.87
			Metal (t)	1.13	6.72	7.85	20.14	1.06	6.31	7.37
6	Zhaoyuan Canzhuang	Gold	Ore (Mt)	0.508	2.694	3.201	5.060	0.513	2.723	3.236
			Grade (g/t)	3.49	3.18	3.23	4.46	3.31	3.02	3.06
			Metal (t)	1.77	8.57	10.34	22.56	1.70	8.21	9.91
7	Daqinjia Gold Mine	Gold	Ore (Mt)	0.141	0.739	0.881	0.525	0.150	0.786	0.936
			Grade (g/t)	3.45	4.20	4.08	3.37	3.10	3.77	3.66
			Metal (t)	0.49	3.10	3.59	1.77	0.47	2.96	3.43
8	Jishan Gold Mine	Gold	Ore (Mt)	0.151	0.176	0.327	0.042	0.157	0.182	0.339
			Grade (g/t)	4.39	4.00	4.18	3.40	3.65	3.33	3.48
			Metal (t)	0.66	0.70	1.37	0.14	0.57	0.61	1.18
9	Zhaojin Beijiang	Gold	Ore (Mt)	0.194	1.384	1.577	2.530	0.209	1.494	1.704
			Grade (g/t)	4.22	4.74	4.67	4.11	3.64	4.09	4.03
			Metal (t)	0.82	6.55	7.37	10.40	0.76	6.11	6.87
10	Tianhao of Min County	Gold	Ore (Mt)	—	4.363	4.363	2.008	—	4.850	4.850
			Grade (g/t)	—	2.48	2.48	2.05	—	2.16	2.16
			Metal (t)	—	10.83	10.83	4.11	—	10.50	10.50
11	Zhaojin Kunhe	Gold	Ore (Mt)	0.056	0.114	0.170	0.177	0.057	0.116	0.173
			Grade (g/t)	4.56	6.02	5.54	4.90	4.17	5.51	5.06
			Metal (t)	0.26	0.68	0.94	0.87	0.24	0.64	0.88
12	Jinhanzun Mining	Gold	Ore (Mt)	—	0.158	0.158	1.505	—	0.163	0.163
			Grade (g/t)	—	3.01	3.01	4.83	—	2.62	2.62
			Metal (t)	—	0.47	0.47	7.27	—	0.43	0.43

No.	Name of mine	Mineral	Unit	Measured	Indicated	Measured+ Indicated	Inferred	Proved	Probable	Total
13	Fengning Jinlong	Gold	Ore (Mt)	1.078	0.978	2.056	3.435	1.115	1.011	2.125
			Grade (g/t)	3.64	3.71	3.67	3.86	3.13	3.19	3.16
			Metal (t)	3.93	3.63	7.55	13.28	3.49	3.22	6.71
14	Zaozigou Gold Mine	Gold	Ore (Mt)	0.114	5.259	5.373	10.122	0.107	4.945	5.051
			Grade (g/t)	3.72	5.25	5.22	3.98	3.47	4.90	4.87
			Metal (t)	0.42	27.64	28.06	40.27	0.37	24.24	24.61
15	Xinhe Mining	Gold	Ore (Mt)	—	0.250	0.250	0.138	—	0.259	0.259
			Grade (g/t)	—	4.06	4.06	2.97	—	3.67	3.67
			Metal (t)	—	1.02	1.02	0.41	—	0.95	0.95
16	Gansu Liangdang	Gold	Ore (Mt)	—	1.158	1.158	8.187	—	1.151	1.151
			Grade (g/t)	—	2.43	2.43	2.20	—	2.33	2.33
			Metal (t)	—	2.82	2.82	18.05	—	2.68	2.68
17	Zhaojin Baiyun	Gold	Ore (Mt)	—	0.722	0.722	17.030	—	0.719	0.719
			Grade (g/t)	—	2.44	2.44	2.83	—	2.21	2.21
			Metal (t)	—	1.76	1.76	48.13	—	1.59	1.59
18	Qinghe Mining	Gold	Ore (Mt)	—	3.295	3.295	1.836	—	4.018	4.018
			Grade (g/t)	—	6.60	6.60	5.57	—	4.55	4.55
			Metal (t)	—	21.75	21.75	10.22	—	18.29	18.29
19	Longxin Mining	Gold	Ore (Mt)	—	1.219	1.219	2.127	—	1.207	1.207
			Grade (g/t)	—	5.28	5.28	2.75	—	4.80	4.80
			Metal (t)	—	6.43	6.43	5.86	—	5.79	5.79
20	Hezheng Xinyuan	Gold	Ore (Mt)	—	0.232	0.232	0.736	—	0.221	0.221
			Grade (g/t)	—	5.97	5.97	5.20	—	5.33	5.33
			Metal (t)	—	1.38	1.38	3.83	—	1.18	1.18
21	Ruixin Mining	Gold	Ore (Mt)	—	2.975	2.975	8.212	—	2.908	2.908
			Grade (g/t)	—	2.62	2.62	2.39	—	2.28	2.28
			Metal (t)	—	7.79	7.79	19.60	—	6.62	6.62
22	Zhaojin Zhengyuan	Gold	Ore (Mt)	—	0.062	0.062	0.654	—	0.065	0.065
			Grade (g/t)	—	5.79	5.79	3.65	—	5.24	5.24
			Metal (t)	—	0.36	0.36	2.39	—	0.34	0.34
23	Liyuan Gold Mine	Gold	Ore (Mt)	—	0.062	0.751	0.692	—	0.536	0.536
			Grade (g/t)	—	7.78	7.78	5.27	—	7.18	7.18
			Metal (t)	—	5.84	5.84	3.65	—	3.85	3.85
24	Yingzuishan Gold Mine	Gold	Ore (Mt)	—	0.257	0.257	1.616	—	0.269	0.269
			Grade (g/t)	—	4.95	4.95	6.25	—	4.56	4.56
			Metal (t)	—	1.27	1.27	10.11	—	1.23	1.23
25	Yuantong Mining	Gold	Ore (Mt)	—	0.088	0.088	1.431	—	0.089	0.089
			Grade (g/t)	—	8.02	8.02	9.08	—	7.78	7.78
			Metal (t)	—	0.71	0.71	12.99	—	0.69	0.69

No.	Name of mine	Mineral	Unit	Measured	Indicated	Measured+ Indicated	Inferred	Proved	Probable	Total
26	Tonghui Mining	Copper	Ore (Mt)	0.553	4.934	5.487	1.723	0.545	4.861	5.406
			Grade (%)	1.69	2.10	2.06	1.47	1.61	2.00	1.96
			Metal (Kt)	9.33	103.47	112.80	25.38	8.78	97.36	106.14
27	Sanfengshan	Copper	Ore (Mt)	0.100	0.433	0.533	1.007	0.096	0.417	0.513
			Grade (%)	1.74	1.98	1.93	2.08	1.65	1.88	1.83
			Metal (Kt)	1.73	8.57	10.30	20.98	1.58	7.81	9.39
28	Dishui Copper Mine	Copper	Ore (Mt)	0.821	0.769	1.590	28.145	0.786	0.735	1.521
			Grade (%)	0.89	0.95	0.92	1.06	0.83	0.88	0.85
			Metal (Kt)	7.33	7.32	14.65	298.65	6.50	6.49	13.00
	Mine Total	Gold	Ore (Mt)	13.079	113.326	126.404	125.885	13.464	116.984	130.448
			Grade (g/t)	3.33	3.14	3.16	3.27	3.05	2.83	2.86
			Metal (t)	43.58	355.72	399.29	411.83	41.07	331.41	372.48
		Copper	Ore (Mt)	1.474	6.136	7.610	30.875	1.426	6.013	7.440
			Grade (%)	1.25	1.95	1.81	1.12	1.18	1.86	1.73
			Metal (t)	18.39	119.35	137.74	345.01	16.86	111.67	128.53

Notes: 1. The gold consumption ore reserve in 2014 was 7,663,335 tonnes. The grade was 2.59 gram per tonne. 956 gold exploration drill holes were conducted, 44,636 meters of tunneling footage and 288,662 meters of drilling footage were completed.

2. The copper consumption ore reserve in 2014 was 1,498,984 tonnes. The grade was 1.28%. 46 copper exploration drill holes were conducted, 4,814 meters of tunneling footage and 9,720 meters of drilling footage were completed.

3. For the assumptions adopted for the annual update of resources/reserves in the above tables, please refer to "Assumptions Adopted for Annual Update of Resources and/or Reserves" on pages 20 and 21 of this annual report.

Assumptions Adopted for the Annual Update of Resources and/or Reserves

The same assumptions as those applied in the 2013 Annual Report in accordance with the JORC Code were adopted for the annual update of resources and/or reserves in the above Tables 1 and 2. Relevant updates were made according to our new exploration and based on the historical data used by technical consultants. As confirmed by the Company's internal experts, there has been no maternal change to our level of resources and reserves and the changes were mainly attributable to adjustment for production consumption.

Assumptions adopted for the annual update of resources and/or reserves are set out as below:

1. Gold ore resource estimates

a. Mineral resource estimates

Premising on the level of mineral resources as at the end of 2013, an independent third party resources assessor Beijing Haidiren Resources Consulting Co., Ltd., ("Beijing Haidiren") updated the estimates by incorporating estimates of gold mineral resources consumed for mining between January to December 2014, and changes in mineral resources from prospecting and exploration during that period. The verification was carried out on the analysis of the core, geological record and tests in this period based on the amount of mineral resources.

b. Recoverable reserve estimate

i. When calculating the recovery rate and the dilution rate using the level of recoverable reserve recognised by the JORC Code, the grade of country rock dilution is assumed to be 0;

ii. Zhaojin Mining adopted several mining methods in the productive mines, the average of the respective mines' actual mining recovery rate and dilution rate for the latest three years is adopted;

iii. For mines that are yet to commence mining activities, development and utilization proposals or verified information from assessment reports or geological reports is adopted;

iv. The average recovery rate of Zhaojin's 28 gold mines was approximately 94.5%, while the dilution rate was approximately 8.6%; and

v. Beijing Haidiren converted the mineral resources of economically measured and indicated grades into proved and probable reserve according to the overall dilution rate and recovery rate of mining.

2. Copper ore resource estimates

a. Mineral resource estimates

Premising on the level of mineral resources as at the end of 2013, Beijing Haidiren updated the estimates by incorporating estimates of copper mineral resources consumed for mining between January to December 2014, and changes in mineral resources from prospecting and exploration during that period. The verification was carried out on the analysis of the core, geological record and tests in this period based on the amount of mineral resources.

b. Recoverable reserve estimates

i. When calculating the recovery rate and the dilution rate using the level of recoverable reserve recognised by the JORC Code, the grade of country rock dilution is assumed to be 0;

ii. Zhaojin Mining adopted several mining methods in the productive mines, the average of the respective mines' actual mining recovery rate and dilution rate for the latest three-year is adopted;

iii. The average recovery rate of Zhaojin's 3 copper mines was approximately 91.7%, while the dilution rate was approximately 5.2%; and

iv. Beijing Haidiren converted the mineral resources of economically measured and indicated grades into proved and probable reserve according to the overall dilution rate and recovery rate of mining.

Note: The relevant assumptions estimate adopted to calculate the reserve and resource in 2014 were in line with the same adopted to calculate the reserve and resource estimates disclosed by the Company in previous years, and there has been no material change to the assumptions adopted.

Key Projects were Carried Forward Efficiently with Strengthened Growth Momentum in Development

In 2014, the Company energetically implemented abundant projects, among which, there were 34 construction projects with completed investment of RMB848 million, a total of 487,000 m^3 of laneways were completed with a floor area of 32,500 m^2, and the equipment on order and installed amounted to 1,230 units and 784 units respectively. In particular, the optimization and renovation project of 4,000 tons per day of the processing plant in Xiadian Gold Mine succeeded in load commissioning in one shot; and the comprehensive recycling project of smelting plant in Gansu succeeded in igniting its calcinator at the first time. These projects were constructed in a short period with relative low costs and immediate effectiveness, laying a solid foundation for the further improvement and sustainable development of the Company.

Management Discussion and Analysis

Innovation-driven Operation was implemented with Fruitful Results in Scientific Research

In 2014, facing the challenges arising from the era of "narrow profit margin" in the gold industry, the Company focused on the main direction of innovation to increase the investment and improve the quality of innovation. During the year, investment in scientific research amounted to RMB53.727 million and the Company was granted one invention patent, 18 utility model patents; newly applied for 15 invention patents and 8 utility model patents. Led by the ten major researches and the ten innovation programmes, the Company undertook the construction of the national demonstrative base of gold resources comprehensive utilization and successfully passed the intermediate acceptance organized by competent authorities. The research on recovery rate in Gansu area made a breakthrough, in which three enterprises had achieved a notable increase in their recovery rate. The success in experiments of chloridizing volatilization and the antimony leaching demonstrated its leading position in the comprehensive recycling process technology and caught high attention among its peers both at home and abroad.

Upgrade the Management in A Deep-going Way with Impressive Results in Cost Reduction and Profit Increase

In 2014, despite the slight decrease in sales revenue and net profit of the Company due to the impact of the depressed price in gold market, the operation quality and risk resistance capacity of the Company were further enhanced by strengthening the standardization and upgrading of internal management and carrying out activities such as cost reduction and profit increase. In the respect of performance assessment, personnel allocation, streamline administration and power decentralization, logistic and energy management, project control and reduction of non-productive expenditures, the management benefit generated therefrom accumulated to over RMB200 million while the composite cost of gold amounted to RMB133.40/g, maintaining the leading edge of low cost in the industry. Meanwhile, the Company minimized the financial risk, tightened the mechanism for investment decision, enhanced hedging management and implemented measures including special examination on audit, finance and statute related matters, by which the overall risk control system was further improved. In 2014, leveraging its precise insight on the trend of gold price, the Company take the favourable selling opportunity and enabled its gold selling price up to RMB251.17/g, higher than the average price of RMB2.04/g in the Shanghai Gold Exchange. In 2014, the Company was honored as the "Advanced Unit of Gold Industry in China (黃金行業先進集體)".

Adhere to the "Red Lines" Awareness and Conduct Construction of Safety and Environmental Protection Steadily

In 2014, the Company firmly stuck to the "red line" awareness in production safety and carried out a series of effective activities in a deep-going way such as safety accountability implementation, safety culture construction, safety training for all staff, solutions for particular safety problems. The Company allocated over RMB150 million as safety environmental protection expenditure throughout the year, by which, serious accidents in relation to production safety were eliminated, maintaining a good trend in the smooth progress of safe operation. In addition, adhering to the environmental philosophy of "prioritizing environmental protection over gold/silver mining", the Company vigorously carried forward the implementation of "Sihua" in our mines, namely greening, landscaping, brightening and optimizing, and completed new greening area of more than 70,000 m^2. Currently, over 11 enterprises of the Company are awarded "National Pilot Unit of Green Mine (國家級綠色礦山試點單位)" while the Company is granted the "National Demonstrative Enterprise in Safety and Culture Construction (國家安全文化建設示範企業)" and "Advanced Unit in Safety Production in Shandong (山東省安全生產工作先進單位)". At the same time, the Company has complied with the relevant laws and regulations and has been operating in a legal and legitimate manner.

Financial Analysis

Revenue

For the year ended 31 December 2014, the Group's revenue was approximately RMB5,606,182,000 (2013: RMB6,344,124,000), representing a decrease of approximately 11.63% (2013: a decrease of 16.57%) as compared to the previous year. Such decrease was primarily attributable to the fall in the selling price of gold.

Cost of Sales

For the year ended 31 December 2014, the Group's cost of sales was approximately RMB3,433,775,000 (2013: RMB4,103,629,000), representing a decrease of approximately 16.32% (2013: an increase of 4.9%) as compared to the previous year. Such decrease was primarily attributable to the decrease in sales quantity of gold and unit cost of raw material and overhead during the Year.

Management Discussion and Analysis

Gross Profit and Gross Profit Margin

During the Year, the Group's gross profit and gross profit margin were approximately RMB2,172,407,000 (2013: RMB2,240,495,000) and approximately 38.75% (2013: 35.32%), respectively, representing a decrease in gross profit of approximately 3.04% (2013: a decrease of approximately 39.31%) and an increase in gross profit margin of approximately 9.71% (2013: a decrease of 27.25%), respectively, as compared to the previous year. The decrease in gross profit as compared to 2013 was primarily attributable to the decline in the selling price of sold. The increase in gross profit margin as compared to 2013 was mainly attributable to the relatively smaller decrease in revenue as compared with the drop in costs.

Other Income and Gains

During the Year, the Group's other income and gains were approximately RMB260,140,000 (2013: RMB156,771,000), representing an increase of approximately 65.94% (2013: an increase of 27.88%) from the previous year. The increase in other revenue and gains was mainly due to the increase of the gains from tax reduction and exemption.

Selling and Distribution Costs

For the year ended 31 December 2014, the Group's selling and distribution costs were approximately RMB119,709,000 (2013: RMB97,273,000), representing an increase of approximately 23.06% (2013: an increase of 31.35%) as compared to the previous year. Such increase was mainly due to the incremental transportation expenses during the Year.

Administrative and Other Expenses

The Group's administrative and other operating expenses were approximately RMB1,141,241,000 during the Year (2013: RMB984,826,000), representing an increase of approximately 15.88% (2013: an increase of 14.29%) from 2013. Such increase was mainly attributable to the increase in depreciation expense.

Finance Costs

For the year ended 31 December 2014, the Group's finance costs were approximately RMB514,406,000 (2013: RMB342,123,000), representing an increase of approximately 50.36% (2013: an increase of 56.55%) from 2013. Such increase was mainly attributable to the interest accrued from the Private Placement Note and gold leasing business.

Income Tax Expenses

For the year ended 31 December 2014, the Group's income tax expenses decreased by approximately RMB49,874,000 when compared with the previous year. It is attributable to the decrease in profit before taxation of the Group. During the Year, income tax of corporate inside PRC has been provided at a rate of 25% (2013: 25%) on the taxable income (except for certain subsidiaries of the Group in Xinjiang, which are taxed at a preferential rate of 15%). Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the Year. The Group did not incur any Hong Kong profits tax during the Year. The effective tax rate of the Group is 25.81% during the Year (2013: 22.76%).

Profit Attributable to Owners of the Parent

For the year ended 31 December 2014, the Group's profit attributable to the owners of the parent was approximately RMB455,388,000, representing an decrease of approximately 37.97% (2013: a decrease of 61.84%) from approximately RMB734,085,000 in 2013.

Liquidity and Capital Resources

The working capital and funds required by the Group are mainly derived from its cash flows generated from operations and borrowings, while the Group's capital for operating activities resources are mainly utilized to provide funding to acquisition activities, capital expenditures, and repayment of borrowings of the Group.

Cash Flows and Working Capital

The Group's cash and cash equivalents have increased from approximately RMB1,035,825,000 as at 31 December 2013 to approximately RMB1,254,916,000 as at 31 December 2014. The increase was mainly attributable to the net cash inflows from operating activities and financing activities which are more than the net cash outflows used in investing activities, mainly used in acquisition activities and capital expenditure.

As at 31 December 2014, the cash and cash equivalents of the Group denominated in Hong Kong dollars amounted to approximately RMB25,609,000 (2013: RMB19,043,000) and those denominated in United States dollars amounted to approximately RMB20,474,000 (2013: RMB7,945,000). All other cash and cash equivalents held by the Group are denominated in RMB.

Borrowings

As at 31 December 2014, the Group had outstanding bank loans and other borrowings of approximately RMB6,890,021,000 (2013: RMB6,447,070,000), of which approximately RMB4,716,034,000 (2013: RMB5,330,507,000) shall be repaid within one year, approximately RMB2,164,328,000 (2013: RMB1,047,203,000) shall be repaid within two to five years, and approximately RMB9,659,000 (2013: RMB69,360,000) shall be repaid after five years. As at 31 December 2014, the Group had outstanding corporate bonds of approximately RMB2,690,309,000 (2013: RMB2,686,046,000), which shall be repaid within two to five years. The increase in the Group's borrowings during the Year was mainly attributable to the resource acquisition activities, capital expenditures and working capital of the operating activities of the Group.

As at 31 December 2014, except for secured bank loans of the RMB237,901,000 and RMB30,764,000 (2013: RMB78,623,000 and RMB30,661,000) denominated in Hong Kong dollars and United States dollars respectively, all borrowings are denominated in RMB. As at 31 December 2014, approximately 46% of the interest-bearing bank and other borrowings held by the Group were in fixed rates.

In addition, the Group financed through leases of gold from banks and subsequently sold through Shanghai Gold Exchange (SGE). As at 31 December 2014, the Group had outstanding gold from gold leasing business of RMB3,709,702,000 (31 December 2013: RMB1,439,425,000), which should be repayable within 1 year.

Gearing Ratio

The Group monitors capital using a gearing ratio, which is net debt divided by the total equity plus net debt. Net debt includes interest-bearing bank and other borrowings, corporate bonds and financial liabilities arose from the gold leasing business less cash and cash equivalents. As at 31 December 2014, the gearing ratio of the Group was 55.3% (31 December 2013: 50.9%). Following the increased availability of financing channels and the business expansion of the Group, the gearing ratio of the Group for the Year recorded reasonable increase.

Market Risks

The Group is exposed to various types of market risks, including fluctuation in gold prices and other commodities prices, changes in interest rates and foreign exchange rates.

Gold Prices and Other Commodities Prices Risks

The Group's exposure to price risk relates principally to the market price fluctuations on gold and copper which can affect the Group's results of operations.

During the Year, under certain circumstances, the Group entered into AU (T+D) arrangements, which substantially are forward commodity contracts, in SGE to hedge potential price fluctuations of gold. Under such arrangements, the Group can forward buy or sell gold at the current day's price by depositing 10% of the total transaction amount. Subsequently, it can close the deal by either physically delivering the gold or entering into an offsetting arrangement. There is no restriction imposed on the settlement period. During the Year, the Group had not entered into any long position under the AU (T+D) framework.

The Group also entered into copper cathode and gold forward contracts in Shanghai Futures Exchange ("SHFE") and gold forward contracts in SGE for gold leasing business to hedge the price fluctuation by the sale of copper and gold leasing business.

The price range of the forward commodity contracts is closely monitored by the management of the Group. Accordingly, a reasonable possible fluctuation of 10% in commodity prices would have no significant impact on the Group's profit and equity for the year.

Interest Rate Risk

The Group's exposure to interest rate risk relates primarily to the Group's cash holdings and bank deposit, interest-bearing bank and other borrowings and corporate bonds. The Group manages its interest rate exposure from certain cash holdings by placing them into appropriate short-term deposits at a mixture of fixed or floating rates and manages the exposure from certain cash holdings and bank deposit, interest-bearing bank and other borrowings and corporate bonds through the use of fixed or floating rates.

The Group had not used any interest rate swaps to hedge its exposure to interest rate risk during the Year.

Foreign Exchange Risk

Substantially all the Group's transactions are carried out in RMB. The fluctuation of the RMB/USD exchange rate may affect the international and local gold price, which may therefore affect the Group's operating results. Fluctuations of foreign exchange rate may have an adverse effect on net assets, earnings and any dividend declared of the Group, which shall be converted or translated into Hong Kong dollars. Furthermore, the Group had not entered into any hedge activities during the Year due to fluctuations of foreign exchange rate.

Pledge

As at 31 December 2014, except for the following assets pledged for the bank borrowings and notes payable of the Group, the Group had not pledged any assets: (1) property, plant and equipment and mining rights with net carrying amount of approximately RMB210,027,000 (31 December 2013: RMB116,122,000); (2) pledged deposits of RMB388,388,000 (31 December 2013: RMB164,500,000).

Business Outlook

2015 is the "year for quality improvement and efficiency enhancement" as resolved by the Company when quality, efficiency, compliance and stability will be the "new formality" of the Company. The Company will continuously adjust and optimize the structure, accelerate the internal reform and promote the innovation of management model so as to constantly strengthen the quality and strength of efficient development and low-cost operation. The Company will spare no efforts to build a world-wide leading gold mine company with international investment capacity, to create greater value for shareholders, employees and the society.

Focus on Quality and Efficiency, Boost the Productivity of Value

In 2015, the Company will focus on "quality and efficiency" and keep a close eye on the annual goal to achieve all the targets in 2015 by overcoming difficulties and developing supporting measures. Priority will be given to solve the prominent problems and eliminate the bottlenecks in the production, to vitalize the production. The planned total annual output of gold amounts to 1,049,300 ozs (32,638.9 kg), representing a decrease of approximately 0.81% as compared to the corresponding period of last year, among which, self-produced gold amounts to 569,500 ozs (17,712.5 kg), representing a year-on-year increase of approximately 5.19%.

Develop Corporate Management to Facilitate the Improvement in Production and Efficiency

In 2015, the Company will further optimize the internal management to enhance its quality and standard. For the production management, by establishing the awareness of efficient production, the Company will adopt dynamic management on mining plans and mining sites and adjust the cut-off grade on a timely manner according to the changes in gold price, cost and target profit, to enhance the efficiency of project investment. Regarding to cost management, the Company will stick to its good tradition of diligence and thriftiness to strengthen the control over the budget for non-productive expenditure and non-productive enterprises. On the other hand, logistic management, energy management, project management and other fields will comply with the advanced standards of the industry and the excellent enterprises in the Group based on the requirements of sophisticated work, to create the atmosphere of "to emulate, learn from, catch up with, help and in turn surpass each other (比學趕幫超)".

Implement Innovative Drive, Expedite Transformation and Upgrading

In 2015, the Company will steer its scientific investment to support the innovation in fundamental enterprises and backbone mines. On one hand, it will continue to carry forward the ten major researches and the ten major innovation projects with the main purpose of making breakthrough and new progress in the research of solving difficulties in processing and smelting, the optimization of mining technology and the geological prospection in Gansu region. In the meantime, quality resources were focused on the project of comprehensive utilization of tailings to maximize the economic benefit. On the other hand, the integration of scale production, mechanization, automation and informatization was carried forward, for which RMB100 million was invested to equipment renewal and renovation and acquisition of key equipment for infrastructure's technical innovation. The share of mechanized was increased to over 90% of the overall operation of the Company. In terms of management innovation, the Company will be committed to the reform in the six key areas, namely effective assessment model, corporate governance structure, re-formulating system and procedure, headquarters' departments construction and cadres management, to further stimulate the favorable fundamentals brought about by the reform and to strengthen the endogenous power of the Company.

Accelerate Construction of Projects, Improve Investment Returns

In 2015, the preliminary planning of the Company includes 28 construction projects, with expected investment amounting to RMB880 million for the year. The Company will continue to prioritize the construction of the comprehensive recycling model base of gold resources in Shandong Province, supplemented by ongoing production, mining and processing ancillaries to ensure continuous production. The Company will mainly focus on major projects, such as the Xiadian Gold Mine demonstration project of safe and effective exploration and utilization in deep mine under the hyperbaric environment at high temperature, the Dayingezhuang Gold Mine demonstration project of low grade resources development and utilization, the Zhaojin Jinhe demonstration project of comprehensive recycling gold tailings, the new metallurgy technique procedure of catalyzed oxidation and acid leaching and the industrial development project for the refractory gold and silver concentrates with arsenic in the Jinchiling Gold Mine and the smelting project of precious metal extraction through chlorination and volatilization in Gansu.

Develop Investment and Financing Channels to Achieve Capital Synergy

In 2015, focusing on expanding the value chain, the Company will strive to set up an investment and financing platform. Adhering to the idea of "making rational investment according to our ability", the Company's overall ability of identifying and seizing quality investments will be enhanced. The Company will establish an investment classification mechanism, whereby no investments will be made to the red-light projects, the yellow-light projects will cease in a timely manner and the green-light projects will be pursued vigorously. Enhancing the additional special analysis on the investment cost and investment rate of return will be required for tasks such as construction projects design plans, tendering and biddings. The Company values both the domestic and overseas market and will steadily expand in the overseas market. It will try to make new progress in the overseas development by seizing the opportunity arising from the depressed gold market. On the other hand, the Company will further adjust its liabilities structure by reducing short-term loans and long-term investments and increasing the channels and types of innovative financing instruments.

Strengthen Compliance to Achieve Stable and Harmonious Development

In 2015, more effort will be made on enhancing corporate compliance through the cultivation of legal and moral consciousness throughout the Company. On one hand, the Company will strictly comply with the relevant laws and regulations promulgated in the PRC while adhering to the red lines of safety and ecological and environmental protection to ensure production safety. On the other hand, the Company will strengthen the professional ethics education among cadres and other employees to create good atmosphere of praising ethnics and goodness and being virtuous and benevolent. The new culture of "greatness comes from solidarity (大道合行)" will be rooted in the Company, advocating the philosophy of "reverence, gratefulness, loyalty and dedication" in the new age. In addition, the Company will fulfill its social responsibility at a higher level while coordinating its internal and external relationships well. It will establish a fair and righteous internal distribution mechanism and strengthen the development of harmonious community to create a virtuous business ecosystem.

Directors, Supervisors and Senior Management Profile

Details of personnel currently serving as directors (the "Directors"), supervisors (the "Supervisors"), secretary to the Board/company secretary and senior management of the Company during the Year and as of the date of this annual report are as follows:

Executive Directors

Mr. Weng Zhanbin was born in March 1966. He graduated from Baotou Steel and Iron College in 1989 with a degree in mining engineering. He obtained a master degree in mining engineering from Northeastern University in 2002, qualified as an applied engineering technology researcher, and graduated from the Cheung Kong Graduate School of Business with an EMBA degree in 2008. He is an Executive Director and the Chairman of the Company. Currently, Mr. Weng is the director of Sparky International Trade Company Limited (斯派柯國際貿易有限公司). Mr. Weng has 26 years of experience in the gold production industry. Mr. Weng had held positions of deputy section chief and mine supervisor of Zhaoyuan Xiadian Gold Mine; deputy general manager and deputy secretary of the Communist Party of Zhaoyuan Jinchiling Gold Mine; the deputy secretary of the Communist Party, vice chairman and deputy general manager of Jinchiling Mining & Metallurgy Co., Ltd. under Zhaojin Group and mine manager of Jinchiling Gold Mine of the Company; and the general manager of Zhaojin Group and a Non-executive Director of the Company. Mr. Weng has been a Non-executive Director of the Company since February 2010, and has been an Executive Director and the president of the Company since November 2010. He has been the vice chairman of the Company since June 2013, and has resigned from the position of vice chairman and president and served as the chairman of the Company since January 2014. Mr. Weng has been granted numerous provincial and national awards, such as Science & Technology Pacesetter of National Gold Industry in the 10th Five-Year Plan Period, Science & Technology Outstanding Contribution Award of National Gold Industry in the 11th Five-Year Plan Period, Labour Model of National Gold Industry in the 11th Five-Year Plan Period, Shandong Provincial People-enrich and Lu-thriving Labour Medal, Shandong Provincial Excellent Entrepreneur and Excellent Entrepreneur of the State in recognition of his achievements in technological and business management. He has obtained national patents for five of his inventions.

Directors, Supervisors and Senior Management Profile

Mr. Li Xiuchen was born in November 1963. He graduated from Shenyang Institute of Gold Technology majoring in mine engineering with the qualification of a senior engineer. He is an Executive Director and the President of the Company. Currently, Mr. Li is the Chairman (legal representative) of Shandong Wucailong Investment Company Limited, a director of Shanghai Jiuzhuang Business Management Company Limited* (上海久莊企業管理有限公司), a director of Dayu Zhishui (Resource) Holding Company Limited* (大愚智水（資源）控股有限公司) and a director of Dayu Zhishui (China) High-Tech Company Limited* (大愚智水中國高科技有限公司). Mr. Li has 33 years of experience in the gold production industry. Mr. Li served as a technician of the production office of Luoshan Gold Mine, the deputy supervisor, co-ordination officer and first deputy mine manager of Daiqinjia Gold Mine, the deputy mine manager and deputy general manager at Beijie Gold Mine and Zhongkuang Gold Industry, the deputy general manager, chairman and general manager of Xinyuan Gold Technology Development Co., Ltd, and the senior Vice President of Zhaojin Mining. Mr. Li has been the vice president of the Company since February 2007 and served as the Executive Director of the Company since March 2012, and served as the executive president of the Company since February 2013. He has resigned from the position of executive president and served as the president of the Company since January 2014. Mr. Li has been granted numerous honorary awards, such as Science & Technology Outstanding Contribution Award of National Gold Industry in the 8th Five-Year Plan Period, Advanced Workers of Technology Management of National Gold Industry, National Excellent Workers of Facilities Management, Science and Technology Grade I Award by the China Gold Association, Shandong Gold Science and Technology Advancement Grade I Award, Yantai Science & Technology Pacesetter, and Zhaoyuan Outstanding Entrepreneur.

Mr. Lu Dongshang was born in July 1961. He graduated from the department of mining engineering of Shenyang Gold Institute, and qualified as an applied engineering technology researcher, graduated from the Cheung Kong Graduate School of Business with an EMBA degree in 2007. He is an Executive Director of the Company, the chairman of and the secretary of the Communist Party of Zhaojin Group, the vice president of the China Gold Association, the chairman of presidium of the China Mining Association and a council member of the Shanghai Gold Exchange. Mr. Lu is also the director of Sparky International Trade Company Limited. Mr. Lu has more than 30 years of professional experience in the gold industry and has made outstanding contribution to the development of China's mining industry. Mr. Lu worked for and held senior positions at several gold mines and mining groups in Zhaoyuan. Mr. Lu has been an Executive Director and the chairman of the Company since April 2004, and had resigned from the position of the chairman of the Company in January 2014. Mr. Lu has received numerous awards at the provincial, municipality and national levels, for his achievement in technological advancement. For instance, Mr. Lu was awarded the top award of Science and Technology in Yantai City, Middle-aged and Youth Expert with Outstanding Contributions in Shandong Province, the Second Award in National Scientific and Technological Advancement and Gold Medal for Outstanding Business Persons in the National Gold Industry, and granted a special allowance by the State Council.

Mr. Cong Jianmao was born in January 1963. He graduated from Shandong TV University and Shandong Business Administration Institute. He is an Executive Director and the deputy secretary of the Communist Party of the Company. Mr. Cong has been the section chief of the Planning and Finance Section of Zhaoyuan Municipal Commerce Bureau, the chairman of the supervisory committee of Zhaoyuan City State-owned Assets Operation Company Limited (招遠市國有資產經營有限公司), the chairman of the supervisory committee of Zhaojin Group, and the deputy director of Zhaoyuan Municipal Finance Bureau. Mr. Cong has been a Non-executive Director of the Company since December 2005. He has been an Executive Director of the Company since 20 March 2015.

Non-executive Directors

Mr. Liang Xinjun was born in October 1968. He graduated from genetic engineering of Fudan University and obtained an MBA degree in 2007 from Cheung Kong Graduate School of Business. He is a Non-executive Director, vice chairman of the Company, an Executive Director and the vice chairman and chief executive officer of Fosun International Limited. Mr. Liang is a member of the 12th Shanghai Committee of Chinese People's Political Consultative Conference; vice chairman of the 11th Shanghai United Youth Association; vice chairman of China Young Entrepreneurs Association; executive vice chairman of China Science and Technology Private Entrepreneurs Association; chairman of Taizhou Chamber of Commerce in Shanghai, executive chairman of Shanghai Fudan University Alumni Association; executive vice chairman of Cheung Kong Graduate School of Business Alumni Association, and a member of APEC Business Council and a committee member of the Management Committee of APEC Business Council. Mr. Liang has been a Non-executive Director of the Company since April 2007. Mr. Liang Xinjun has been awarded the "Directors of the Year Awards 2013" by The Hong Kong Institute of Directors, named a "Chinese Economic Leader 2013", awarded the "Outstanding Zhejiang Entrepreneur Award" at The Second World Zhejiang Entrepreneurs Convention, recognized as one of "Top 10 PE Capitalists in China for 2012", "Top 10 Leaders in Finance Industry in Shanghai for 2012", awarded "Chinese Business Leader of the Year 2011" at the Seventh Horasis, "China Youth Entrepreneur Management Innovation Award 2008" and named a "Ten Outstanding Young People in Shanghai 2008".

Mr. Xu Xiaoliang was born in February 1973. He graduated from East China Normal University School of Business Management and was awarded a master's degree. He is a Non-executive Director of the Company, and is the president of Fosun Property Holding (復星地產控股), the chairman of Xinghong Capital (星泓資本) and Xingyu Capital (星豫資本), and a member of Shanghai Youth Federation and the vice president of China Real Estate Chamber of Commerce, the chairman of Shanghai Yuyuan Tourist Mart Co., Ltd., a company listed on the Shanghai Stock Exchange, and a non-executive director of Shanghai Zendai Property Limited, a company listed on the Stock Exchange. He has over 18 years of experience in real estate distribution services and investment development, and had previously served as the assistant to the general manager of Forte (Group) Co. Ltd, the chairman of Shanghai Ceyuan Property Consultants Limited, and the president of Fosun Property Holding — Shanghai Fosun Industrial Technology Development Co., Ltd. since October 2012. He was successively granted the "Shanghai 4 May Youth Medal" and the "Shanghai Top Ten Youth Business People". Mr. Xu has been a Non-executive Director of the Company since January 2014.

Mr. Wu Yijian was born in Feburary 1970. In May 2003, he graduated from Tsinghua University School of Mananement majoring in business administration and was awarded a master's degree. He is the vice president of Shanghai Yuyuan Tourist Mart Co., Ltd.. Mr. Wu previously served as a president assistant of Shanghai Fosun Pharmaceuticals (Group) Company Limited, the general manager of Shanghai Fosun Pharmaceutical Investment Company Limited* (上海復星醫藥投資有限公司), the general manager of Shanghai Fosun Pharmaceutical Company Limited* (上海復星藥業有限公司), and the general manager of Shanghai Fumei Yixing Pharmacy Drug Store Chain Co., Ltd* (上海復美益星大藥房連鎖有限公司). Mr. Wu has been a Non-executive Director of the Company since March 2015.

Independent Non-executive Directors

Ms. Chen Jinrong was born in October 1959. She graduated from Renmin University of China and is an associate professor. She is qualified as an accountant in China and an independent director. She is an Independent Non-executive Director of the Company, and a lecturer in School of Economics and Management of Tsinghua University and Beijing Union University. Ms. Chen is also an independent Non-executive Director of Meihua Holdings Group Co., Ltd., Jingwei Textile Machinery Co., Ltd., and Synutra International Co., Ltd. Ms. Chen mainly focuses on research into, teaching of and counseling on corporate financial management, analysis of financial report for listed companies and operations of corporate capital, corporate organization and risk control, comprehensive corporate budget management etc. She has solid experience in aspects such as corporate restructuring, comprehensive corporate; budget management, capital operations and corporate internal control. Ms. Chen had served as the deputy head of the finance department of China Information Industry Research Institute under the Ministry of Information Industry, the deputy general manager of Beijing Hua Tsing Cai Zhi Corporate Management Counseling Company, etc. Ms. Chen has been an independent Non-executive Director of the Company since April 2007. Ms. Chen has gained the reputation as an outstanding young and middle-aged backbone teacher in Beijing City and an outstanding teacher of Economic Committee of Beijing Municipal Government.

Mr. Choy Sze Chung Jojo was born in April 1959. He obtained his Master of Business Administration Degree from University of Wales, Newport and his Master of Business Law Degree from Monash University, Australia. He is an independent Non-executive Director of the Company, and also the vice chairman of National Resources Securities Limited. Mr. Choy is also an independent non-executive director of Chengdu PUTIAN Telecommunications Cable Limited., Sparkle Roll Group Limited, Orient Securities Limited and Luye Pharma Group Limited. Mr. Choy is also the permanent honorary president of The Institute of Securities Dealers Limited, a fellow member of The Hong Kong Institute of Directors, a fellow member of Institute of Financial Accountants, a fellow member of the Institute of Compliance Officer, a member of Society of Registered Financial Planner Limited, a member of the fourth session of the Chief Executive Election Committee of Hong Kong Special Administrative Region, a member of the Election Committee of the 12th National People's Congress of Hong Kong Special Administrative Region, a member of CPPCC Shantou, a honorary president of Shantou Overseas Friendship Association, an honorary president of Shantou Overseas Exchanges Association, an honorary principal of Chen Po Sum School and a council member of Rotary Club Kowloon West. Mr. Choy has extensive experience in the securities industry and business management. Mr. Choy has been an independent Non-executive Director of the Company since May 2007.

Mr. Xie Jiyuan was born in November 1934. He graduated from Industrial College of Jilin University majoring in organic chemistry, and is a professor-level senior engineer. He is currently an Independent Non-executive Director of the Company. Mr. Xie has more than 30 years' experience in the gold and non-ferrous metals industry. Mr. Xie held various positions, such as chief engineer and chief designer of Beijing Non-ferrous Metal Design Company* (北京有色金屬設計公司), vice president and professor-level senior engineer of Beijing Non-ferrous Metallurgy Design and Research Institute (Gold Branch) (北京有色冶金設計研究總院黃金分院), senior technical advisor of Changchun Gold Research Institute (長春黃金研究院), a member and consultant of the Standardized Technology Committee of the PRC Gold Industry. He used to serve as a technical adviser of various well-known large gold mining enterprises at home and abroad and the chief designer in a number of national key projects. He has been a member of the Evaluation Committee of Scientific and Technological Achievements of China Gold Association over the years. Mr. Xie has been an Independent Non-executive Director of the Company since February 2013. He participated in reviewing the major technology projects organized by the Ministry of Science and Technology as a representative of the gold industry for many times. Given his outstanding achievements in the bio-oxidation pre-treatment for intractable gold ores, he has won many awards, such as the State Science and Technology Award, the National Science Conference Award, the Silver Award for National Excellent Designs, the National Science and Technology Progress Award granted by the Gold Bureau and the First Prize for Excellent Designs. He has enjoyed the perpetual special government allowances of the State Council since 1992. In 1996, he was granted by the Gold Bureau the title of advanced individuals making outstanding contributions to the improvement of gold-related technologies during the 8th Five-year Plan Period. He was granted the utility novelty patent certificate in respect of the bio-oxidation pre-treatment devices for the intractable gold ores with the contents of arsenic and carbon (first place) by the State Intellectual Property Office in 2007 and was included in the Gold chapter of the "Metallurgical Figures" (《冶金人物志》黃金卷) in 2008.

Mr. Nie Fengjun, born in June 1956, is a PhD holder, researcher and doctoral tutor. Mr. Nie graduated from the faculty of Geology at the Hebei Geological Institute, and has received his MSc degree and PhD degree in Mineral Deposit Geology from the Graduate department of the Chinese Academy of Geological Sciences ("CAGS"). Mr. Nie is currently employed by the Mining Resources Research Institute of CAGS, where he conducts research in metallic mineral deposit geology. He is currently a member of the Degree Committee and a member of the Qualifications Review Committee of CAGS. He is also the deputy chief of the Technology Committee of the Research Institute and a doctoral tutor, as well as an evaluation expert for national science technology awards. Mr. Nie studied Geochemistry of Mining Deposits at the Geological Survey of Canada. He was also a post graduate guest researcher at Oslo University in Norway, a guest professor at La Trobe University in Australia, and a guest researcher at University of Tasmania in Australia. Mr. Nie is a member of the Society of Economic Geologists (SEG), a member of the Planning Committee of International Earth Sciences of United Nations Educational, Scientific and Cultural Organization (2009–2017), a senior editor of Resource Geology, an international Science Citation Index academic publication, and a part time professor and doctoral tutor at Jilin University, China University of Geosciences, Wuhan campus and China University of Geosciences, Beijing campus. Mr. Nie hosted and completed 23 national level, provincial (department) level and foreign collaboration projects, of which 3 projects were with the National Natural Science Foundation of China. He has been awarded 10 technological achievement and honorary awards at the provincial (department) level. Mr. Nie has been an Independent Non-executive Director of the Company since August 2014.

The profiles of outgoing Directors during 2014 and for the period from 1 January 2015 to the date of this annual report are as follows:

Mr. Ye Kai was born in December 1962. Mr. Ye has held positions of the deputy general manager and the secretary to board of directors of Shanghai Friendship Group Incorporated Company, the deputy general manager of Shanghai Friendship Department Store Co., Ltd.* (上海友誼百貨有限公司), the general manager and the chairman of Shanghai Bailian Xijiao Shopping Mall, the assistant to general manager and the deputy general manager of Shanghai Bailian Group Company Limited, the general manager of the retail commercial real estate department of Shanghai Fuxing High-tech (Group) Company Limited, the senior assistant president of Shanghai Fuxing High-tech (Group) Company Limited and the vice chairman and chairman of Shanghai Yu Garden. Mr. Ye ceased to be as a Non-executive Director and member of Audit Committee of the with effect from 24 January 2014.

Mr. Ye Tianzhu was born in February 1941. He graduated from Beijing College of Geosciences majoring in geological survey and mine exploration. He is currently the leader of an expert team of technical guidance of the Mineral Exploration Office under the Ministry of Land and Resources of the PRC, a director of the Chinese Association of Mining Rights Assessors and a deputy officer of the Third Committee for Land Layers (全國地層委員會). Mr. Ye once served as the chief engineer of the Department of Land and Resources of Jilin Province, the deputy chief engineer of the Ministry of Geology and Mineral Resources of the PRC, the head of the Department of Reserves of the Ministry of Land and Resources of the PRC and the Director-General of the China Geological Survey and so on. Mr. Ye received National Awards for Technological Development for various achievements in scientific research and was awarded the 9th Li Siguang Awards for Geosciences. Mr. Ye resigned from his positions as an Independent Non-executive Director of the Company, the chairman of the Geological and Resources Management Committee, and a member of the Nomination and Remuneration Committee on 15 August 2014.

Mr. Kong Fanhe was born in November 1967. He graduated from Nanjing University of Science and Technology with a master's degree in economics. Mr. Kong has extensive experience in investment. Mr. Kong held various positions, such as the general manager of Shanghai Yinhong Investment Management Co., Ltd. (上海銀鴻投資管理有限公司), the chief investment officer of Sanpower Group Co., Ltd. (三胞集團有限公司), the deputy general manager of Commercial Business of Fosun Group. Mr. Kong resigned as a Non-executive Director of the Company on 20 March 2015.

For information regarding election of the Board and changes in composition of the Board, please refer to pages 62 to 63 of this annual report.

Supervisors

Mr. Wang Xiaojie was born in April 1973. He graduated with a degree in applied electronic technology from Institute of Information Engineering of Shandong, a degree in computer application from Qingdao Chemical & Engineer College and a degree in economics and management from the Party School of the Shandong Provincial Committee of the Communist Party of China. He is currently the chairman of the Supervisory Committee of the Company, the deputy secretary of the Party Committee of Zhaojin Group and the chairman of the Labour Union. He has served as the deputy manager of Zhaoyuan City Gold Software Science and Technology Co., Ltd.* (招遠市黃金軟件科技有限公司), and then the deputy manager and manager of Information Centre of Zhaojin Group. Mr. Wang has been a Supervisor on the Supervisory Committee of the Company since April 2007.

Directors, Supervisors and Senior Management Profile

Ms. Jin Ting was born in October 1963. She graduated from Shanghai Light Industry Bureau Vocational University majoring in finance and accounting. She is currently a Supervisor of the Supervisory Committee of the Company, and the vice president of Shanghai Yuyuan. Ms. Jin has extensive experience in finance, audit and human resources. Ms. Jin used to serve as deputy general manager of finance department, manager of finance department, manager of fund management department and assistant to president of Shanghai Yuyuan. She is currently the vice president of Shanghai Yuyuan. Ms. Jin has been a Supervisor on the Supervisory Committee of the Company since February 2010.

Mr. Chu Yushan was born in April 1966. He graduated from Shandong Institute of Business and Technology majoring in mining. He is currently the Supervisor on the Supervisory Committee of the Company and served in Jiashi Tonghui Mining Company Limited* (伽師縣銅輝礦業有限責任公司). Mr. Chu has served in the Xiadian Gold Mine, Dayingezhuang Gold Mine, and served as the deputy general manager of Hebei Fengning Jinlong Gold Industry Co., Ltd.* (河北豐寧金龍黃金工業有限公司), the deputy general manager of Zhaojin Beijiang Mining Company Limited and the deputy general manager of Xinjiang Xingta Mining Co. Ltd.. Mr. Chu has been a Supervisor on the Supervisory Committee of the Company since April 2004.

Secretary to the Board

Mr. Wang Ligang was born in July 1972. He graduated from Shandong Economic University with majoring in labour economy management. He has the qualification of senior political officer and affiliated person of The Hong Kong Institute of Chartered Secretaries and obtained a master degree in engineering and an EMBA degree from Tsinghua University. He is currently the Secretary to the Board and a Vice President of the Company. Mr. Wang served in various managerial positions for Zhaoyuan Beijie Gold Mine and Zhaojin Group. Since 2004, he served as a director of the general manager's office and director of the Board office of the Company, assistant to Board secretary of the Company and general manager of Sparky International Trade Co., Ltd. Mr. Wang has been the Secretary to the Board since December 2007 and has served as the vice president of the Company since February 2013.

Senior Management

Mr. Li Xiuchen, his biographical details are set out on page 32 of this annual report.

Mr. Sun Xiduan was born in September 1965. He graduated from China University of Geosciences, majoring in geology, and qualified as an engineer. He is currently the Vice President of the Company. Mr. Sun has served as the accountant, engineering technician, deputy mine manager of No. 1 Branch Mine, technical supervisor, chief controller, department head of the department of production, mine zone officer, department head of the department of planning of Zhaoyuan Luoshan Gold Mine, the deputy manager and manager of Mining Company of Shandong Zhaojin Shareholding Company Limited (山東招金股份有限公司採礦公司), the person-in-charge of mines, processing plants, cyanidation plants, production department for Zhongkuang Gold Industry Company Limited (中礦金業股份有限公司), the general manager of Zhaojin Mining Industry Company Limited in Wuhe County, Anhui Province (安徽省五河縣招金礦業有限公司), the general manager and chairman of Min county Tianhao Gold Co., Ltd (岷縣天昊黃金有限責任公司), the chairman of Zaozigou Gold Mine, the general manager of Gansu Zhaojin Mining Company Limited (甘肅省招金礦業有限公司) Mr. Sun has been the Vice President of the Company since February 2010.

Mr. Cong Peizhang was born in March 1963. He graduated from Shandong Mining Institute (currently known as Shandong University of Science and Technology) majoring in geology exploration and has the qualification of senior engineer. He is currently the Vice President of the Company. Mr. Cong has served as a technician, the geology head and the director of the general labour office of Zhaoyuan Gold Geological Brigade, the manager of the resources department, the vice director of the technology center, the manager of the planning and development department, the manager of the department outside of Shandong province of Zhaojin Group, the general manager of Hainan Dongfang Zhaojin Mining Industry Company Limited, the manager of the planning and development department, the deputy chief engineer and the manager of geological exploration department and the assistant to president of the Company. Mr. Cong has been the Vice President of the Company since March 2012.

Mr. Wang Ligang, his biographical details are set out on page 38 of this annual report.

Mr. Dong Xin was born in February 1966. He graduated from Shenyang Gold Institute majoring in mining, acquired an EMBA degree from Dalian University of Technology, and qualified as an applied engineering technology researcher. He is currently the Vice President of the Company and the chairman of Gold Association of Xinjiang Uygur Autonomous Region. Mr. Dong served as a technician, vice director, director, Deputy Chief Mining Officer and Chief Mining Officer of Xiadian Gold Mine, general manager of Tuoli Zhaojin Beijiang Mining Company Limited, general manager of Xinjiang Xingta Mining Company Limited and production director of the Company. Mr. Dong has served as the Vice President of the company since February 2013.

Directors, Supervisors and Senior Management Profile

Mr. Qin Hongxun was born in September 1960. He graduated from Kunming University of Science and Technology majoring in mineral process engineering and is qualified as an engineering technology researcher. He is currently the Vice President of the Company. Qin has over 30 years of experience in mineral process engineering and precious metal smelting. Mr. Qin served as a deputy general manager of Luoshan Gold Mine in Zhaoyuan City, the general manager of Zhaojin Gold and Silver Refinery Company Limited, a deputy director of External Development Xinjiang Office of Zhaojin Mining, the general manager of Xinjiang Xinhui Copper Company Limited* and a president assistant and the chief engineer of Zhaojin Mining Industry Company Limited. Mr. Qin has been the Vice President of the Company since January 2015.

Mr. Sun Yimin was born in March 1970. He graduated from Renmin University of China majoring in accounting. He is currently the Chief Financial Officer of the Company. Mr. Sun has been engaged in financial work for 22 years with extensive and comprehensive experience in financial practice and management. Mr. Sun once served as a finance officer of China Liaoning International Economic and Technological Cooperation Company* (中國遼寧國際經濟技術合作公司), a project manager of Shenyang Hualun Accounting Firm (瀋陽華倫會計師事務所), the general manager of Financial Department of Shenyang Hejin Holding Co., Ltd (瀋陽合金投資股份有限公司), the chief financial officer of Business Division of Fosun Iron & Steel* (復星鋼鐵), the deputy general manager and the chief financial officer of Sea-Land Mining Limited (海南礦業有限公司), the chief accountant of Nanjing Iron & Steel United Company Limited (南京鋼鐵聯合有限公司) and the chief financial officer of Fosun Iron & Steel and Equipment Group* (復星鋼鐵及裝備集團). Mr. Sun has served as the Chief Financial Officer of the Company since August 2014.

For information regarding changes in senior management, please refer to page 63 of this annual report.

Report of the Directors

The Board hereby presents its report, together with the audited consolidated financial statements for the year ended 31 December 2014.

Corporate Reorganisation

The Company was incorporated as a joint stock limited liability company under the Company Law of the People's Republic of China (the "PRC") on 16 April 2004. The Company is mainly engaged in the mining, processing, smelting and sale of gold and silver products (the "Relevant Business"). Prior to the incorporation of the Company, the Relevant Business was operated by wholly-owned subsidiaries of Shandong Zhaojin Group Company Limited ("Zhaojin Group") (a PRC state-owned corporation). Upon the incorporation of the Company, the Relevant Business together with related assets and liabilities were transferred to the Company from Zhaojin Group.

The Group successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") in December 2006.

Principal Operations

The principal activities of the Company are investment holding and exploration, mining, ore processing, smelting and sale of gold and other metallic products. The Group is mainly engaged in exploration, mining, ore processing, smelting and sale of gold and other metallic products, being a large integrated mining enterprise specializing in the production of gold. The Group principally produces two kinds of gold products, which are Au9999 and Au9995 gold bullions under the brand of "Zhaojin". Details of the principal activities of the subsidiaries are set in note 17 to the financial statements on pages 186 to 192 in this annual report.

During the Year, there was no material change in the principal operations of the Group.

Results

The Group's results for the year ended 31 December 2014 are set out in the consolidated Statement of Profit or Loss on page 109 of this annual report.

Management Contracts

During the Year, the Company did not enter or have any contracts regarding the overall management or the management or administration work of the Group's any major business.

Report of the Directors

Profit Distribution

As of the date of this annual report, the final dividend for the financial year ended 31 December 2013 paid by the Company was approximately RMB296,582,719.5 (2012: RMB711,798,526.8).

The Board proposes the payment of a final cash dividend of RMB0.05 (tax included) (2013: RMB0.1 (tax included)) per share to all Shareholders for 2014.

The cash dividend for Shareholders of domestic shares will be distributed and paid in Renminbi and the cash dividend for Shareholders of H shares will be declared in Renminbi and paid in Hong Kong dollars (at the average exchange rate of the medium rate of converting Renminbi into Hong Kong dollars as quoted by the People's Bank of China for five business days immediately prior to 27 May 2015).

The proposed distributions are subject to the approval by the Shareholders at the 2014 AGM of the Company to be held on 27 May 2015.

Major Customers and Suppliers

The sales of the gold products of the Group are conducted through trading and settlement on the SGE, while the number and identity of ultimate customers are unknown.

During the Year, approximately 93% (2013: 92.98%) of the total sales was conducted on the SGE. Similar to a stock exchange, the SGE is a trading platform for gold transactions. Under the circumstances where purchasers and sellers are unknown to each other, all transactions are conducted under the coordination and supervision of the SGE. Therefore, the SGE is deemed to be the Group's sole major customer.

Transactions between the Group and its suppliers are conducted on normal commercial terms. The total amount of purchases from the five largest suppliers did not exceed 30% (2013: 30%) of the Group's total amount of purchases.

So far as the Directors are aware, none of the Directors and Supervisors or any of their connected persons or any Shareholders holding 5% or more of the Company's share capital and their associates (as defined in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("the Listing Rules")) have had any direct or indirect interests in the sole major customer and the five largest suppliers of the Company for the Year.

Reserves

Details of changes in reserves of the Group for the year ended 31 December 2014 are set out on page 224 of this annual report.

Distributable Reserves

The distributable reserves of the Company as at 31 December 2014 are set out in note 39 to the financial statements on pages 224 to 226 of this annual report.

According to the articles of association of the Company (the "Articles of Association"), distributable reserves are based on the profits of the Company prepared according to the PRC Accounting Standards and HKFRS, whichever is the lower.

According to the PRC Company Law, after transferring appropriate amounts into the statutory surplus reserve fund and statutory public welfare fund, profit after tax can be distributed as dividend.

As at 31 December 2014, in accordance with the PRC Accounting Standards, the relevant Laws of the PRC and the Articles of Association, the distributable reserves of the Company amounted to approximately RMB3,152,768,463.86 (2013: RMB3,061,398,964.94), of which approximately RMB148,291,359.75 are proposed to be the final cash dividend of the Year (2013: dividend of RMB296,582,719.50).

Property, Plant, Equipment and Property Investment

Details of changes in property, plant and equipment of the Group during the Year are set out in note 13 to the financial statements on pages 174 to 177 of this annual report.

The Group did not hold any investment property.

Share Capital

During the Year, details of changes in share capital of the Company are set out in note 38 to the financial statements on page 223 of this annual report.

Apart from the above, during the Year, there was no arrangement for issue of bonus shares, placing and issue of shares of the Company. In addition, the share capital structure of the Company had no changes during the period from 31 December 2014 to the date of this annual report.

Charity Donation

During the Year, the Group made various kinds of charitable donation amounted to RMB8,229,000 (2013: RMB9,853,700) in total. Details of the charitable donation were set out in the section headed "Corporate Social Responsibility" on pages 101 to 103 of this annual report.

Bank Borrowings

Details of bank borrowings of the Company and the Group are set out in note 33 to the financial statements on pages 215 to 218 of this annual report.

Taxation

During the Year, the Company and its subsidiaries were subject to the PRC enterprise income tax at a rate of 25% of taxable profits according to the requirements under the PRC Enterprise Income Tax Law which became effective on 1 January 2008. The relevant details are set out in note 9 to the financial statements on pages 170 to 171 of this annual report.

Pre-emptive Rights

There is no provision or regulation for pre-emptive rights under the Company's Articles of Association or the PRC Laws which requires the Company to issue new shares to the existing shareholders according to their respective proportions of shareholding.

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

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

Convertible Securities, Share Options, Warrants or Similar Rights

During the year ended 31 December 2014, the Company did not issue any convertible securities, share options, warrants or similar rights.

During the year ended 31 December 2014 and up to the date of this annual report, the Group has no share option scheme.

Directors and Supervisors

During the Year and as at the date of this annual report, the Company's Directors and Supervisors are listed as follows:

Executive Directors

Mr. Weng Zhanbin *(Chairman)* (appointed as the Chairman of the Company with effect from 24 January 2014 and resigned as the Vice Chairman and the President of the Company)
Mr. Li Xiuchen *(President)* (appointed as the President of the Company with effect from 24 January 2014)
Mr. Lu Dongshang (resigned as the Chairman of the Company with effect from 24 January 2014)
Mr. Cong Jianmao (re-designated as an Executive Director of the Company with effect from 20 March 2015)

Non-executive Directors

Mr. Liang Xinjun *(Vice Chairman)*
Mr. Ye Kai (resigned as a Non-executive Director of the Company with effect from 24 January 2014)
Mr. Xu Xiaoliang (appointed as a Non-executive Director of the Company with effect from 24 January 2014)
Mr. Kong Fanhe (resigned as a Non-executive Director of the Company with effect from 20 March 2015)
Mr. Wu Yijian (appointed as a Non-executive Director of the Company with effect from 20 March 2015)

Independent Non-executive Directors

Mr. Ye Tianzhu (resigned as an Independent Non-executive Director of the Company with effect from 15 August 2014)
Ms. Chen Jinrong
Mr. Choy Sze Chung Jojo
Mr. Xie Jiyuan
Mr. Nie Fengjun (appointed as an Independent Non-executive Director of the Company with effect from 15 August 2014)

Supervisors

Mr. Wang Xiaojie *(Chairman of the Supervisory Committee)*
Ms. Jin Ting
Mr. Chu Yushan

Report of the Directors

Profiles of the Directors, Supervisors and Senior Management Personnel

Details of the profiles of the Directors, Supervisors and Senior Management are set out on pages 31 to 40 of this annual report.

Terms of Service of the Directors and the Supervisors

According to the requirements of the Articles of Association, the terms of service of the Directors and the Supervisors of the Company are for three years as from their respective dates of appointment or re-appointment, and the Directors and the Supervisors are subject to re-appointment or re-election upon the expiry of their term.

Remuneration of the Directors and Supervisors

The remuneration of each Director and Supervisor was approved at general meetings. Other emoluments will be determined by the Board of the Company with reference to the duties, responsibilities, performance of the Directors and Supervisors and the operating results of the Group.

Details of the remuneration of the Directors and Supervisors are set out in note 8 to the financial statements on pages 165 to 169 of this annual report. No Directors waived any emoluments in the year ended 31 December 2014 (2013: nil).

Service Contracts of the Directors and the Supervisors

Each of the Executive Directors, Non-executive Directors, Independent Non-executive Directors and Supervisors has entered into a service contract with the Company, with a term of three years.

Neither the Directors nor the Supervisors have a service contract with the Company with a term specifying that if the Company terminate the contract within one year, the Company has to make compensation apart from statutory compensation.

Material Contracts in Which Directors and Supervisors Have Material Interests

None of the Directors and Supervisors had a material interest, either directly or indirectly, in any other contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries and fellow subsidiaries was a party during the Year.

Material Contracts in Which Controlling Shareholder Have Interests

Particulars of the material contracts entered between the Company and a controlling shareholder or any of its subsidiaries were disclosed in the section "Connected Transactions and Continuing Connected Transactions" in the Report of the Directors of this annual report.

Directors' and Supervisors' interests and short positions in shares, underlying shares or debentures of the Company and its associated corporations

As at 31 December 2014, none of the Directors, Supervisors, senior management of the Company and their respective associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in the Part XV of the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the laws of Hong Kong ("SFO")) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO or which they were required to notify the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") (for such purposes, the relevant regulations in the SFO were also interpreted as applicable to the Supervisors).

Rights to Purchase Shares or Debentures of Directors and Supervisors

At no time during the Year did any of the Directors or Supervisors hold any shares of the Company. None of the Directors and Supervisors had any interests in the share capital or debt securities of the Company or any of its associated corporations (as defined in the SFO). None of the Directors, Supervisors and their spouses and children below 18 years old was granted rights to subscribe for the share capital or debt securities of the Company or any of its associated corporations and there was no exercise of such rights by any of such persons.

At no time during the Year had the Company or any of its subsidiaries, holding companies or any fellow subsidiaries entered into any arrangement which enables the Directors and Supervisors of the Company to have the right to acquire benefits by means of acquisition of shares or debentures in the Company or any other legal entities.

Five Highest-Paid Personnel

The five highest-paid individuals in the Group during the Year include three Directors. Full details of the five highest-paid personnel's remuneration are set out in note 8 to the financial statements on pages 168 to 169 of this annual report.

Remuneration Policy of the Group and Number of Employees

It is the Company's policy that remuneration is linked to the Company's results and performance of employees. The Company's human resources department formulates appraisal benchmarks for different businesses and professions and assesses an employee's remuneration according to his/her performance. Studies are being made to the scale of management positions and technical positions in the salary distribution system to enhance the salary increment and promotion ladder. We encourage professional and technical personnel to be dedicated to their own jobs and improve professional and technical skills, so as to create integration between job value and distribution of remuneration. The Company also presents to its staff diversified development paths in order to induce the initiative and creativity of employees.

As of 31 December 2014, the Company had a total of 6,833 employees. The Company attached great importance to the long-term occupational planning and development of its employees, formulated programs for occupation and qualification training for the development of both the employees and the Company, bore training cost for its employees and created an agreeable environment for occupational development, aiming at providing multi-level occupational training with continuous policy, organizational and financial support. The Company held various trainings during the Year, including induction training for new employees, management training for middle and senior management, professional training on geological exploration and safety training. The training costs amounted to RMB3,032,400 during the Year.

Share Capital and Shareholders' Information

1. Number of Shareholders

Details of the number of shareholders of the Company recorded in the register of members as at 31 December 2014 are as follows:

Classification	Number of Shareholders
Domestic shares	6
Overseas-listed foreign shares — H shares	1,964
Total number of shareholders	1,970

2. Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Board confirms that the public float of the Company has reached the requirement of the Listing Rules as at the date of this annual report.

Substantial Shareholders

To the best knowledge of the Directors, Supervisors and chief executive of the Company, as at 31 December 2014, the interest and short positions of the substantial shareholders in the issued share capital of the Company which will be required, pursuant to Section 336 of the SFO, to be entered into the register referred to therein, or holding 5% or above in the issued share capital of the Company which will be required to be notified to the Company are as follows:

Name of shareholders	Class of shares	Capacity	Number of shares held	Approximate percentage of shareholding in the registered capital of the Company %	Approximate percentage of shareholding in the total number of issued domestic shares of the Company %	Approximate percentage of shareholding in the total number of issued H shares of the Company %	Long position/ Short position/ Lending pool
1 Shandong Zhaojin Group Company Limited	Domestic shares	Beneficial owner	1,086,514,000 *(Notes 1)*	36.63	51.95	—	Long position
	Domestic shares	Interest of controlled corporation	50,967,195 *(Notes 5)*	1.72	2.44	—	Long position
	H shares	Beneficial owner	16,510,000 *(Notes 1)*	0.56	—	1.89	Long position
2 Shanghai Yuyuan Tourist Mart Co., Ltd.	Domestic shares	Beneficial owner	742,000,000	25.02	35.48	—	Long position
	Domestic shares	Interest of controlled corporation	21,200,000 *(Notes 1&2)*	0.71	1.01	—	Long position
3 Shanghai Fosun Industrial Investment Co., Ltd.	Domestic shares	Beneficial owner	106,000,000 *(Notes 1&3)*	3.57	5.07	—	Long position
4 Shanghai Fosun High Technology (Group) Company Limited	Domestic shares	Beneficial owner	106,000,000 *(Notes 1&3)*	3.57	5.07	—	Long position
5 Fosun International Limited	Domestic shares	Beneficial owner	106,000,000 *(Notes 1&3)*	3.57	5.07	—	Long position
6 Fosun Holdings Limited	Domestic shares	Beneficial owner	106,000,000 *(Notes 1&3)*	3.57	5.07	—	Long position
7 Fosun International Holdings Ltd.	Domestic shares	Beneficial owner	106,000,000 *(Notes 1&3)*	3.57	5.07	—	Long position
8 Guo Guangchang	Domestic shares	Interest of controlled corporation	106,000,000 *(Notes 1&3)*	3.57	5.07	—	Long position
9 The Bank of New York Mellon Corporation	H shares	Interest of controlled corporation *(Note 4)*	56,888,868	1.92	—	6.51	Long position
10 Market Vectors ETF – Market Vactors Gold Miners ETF	H shares	Beneficial owner	54,925,500	1.85	—	6.28	Long position
11 Schroders Plc	H shares	Investment manager *(Note 6)*	43,861,940	1.48	—	5.02	Long position
12 Van Eck Associates Corporation	H shares	Investment manager *(Note 7)*	54,925,500	1.85	—	6.28	Long position

Notes:

(1) Pursuant to Section 336 of the SFO, the shareholders of the Company are required to file disclosure of interests forms when certain criteria are fulfilled and the full details of the requirements are available on SFO's official website. When a shareholder's shareholding in the Company changes, it is not necessary for the Shareholder to notify the Company and the Stock Exchange unless certain criteria are fulfilled, therefore substantial shareholders' latest shareholding in the Company may be different to the shareholding filed with the Company and the Stock Exchange.

(2) Shanghai Yuyuan Tourist Mart Co., Ltd. ("Shanghai Yuyuan") holds 95% equity interests in Shanghai Laomiao Gold Co., Ltd. ("Laomiao Gold"), therefore the 21,200,000 domestic shares held by Laomiao Gold in the Company is shown as long position of Shanghai Yuyuan.

(3) The 106,000,000 shares represent the same block of shares.

(4) The Bank of New York Mellon Corporation directly holds 100% of equity interests in The Bank of New York Mellon, and is therefore deemed to have an interest in the 56,888,868 shares held by The Bank of New York Mellon Corporation.

(5) Shandong Zhaojin Group Company Limited ("Shandong Zhaojin") holds 100% equity interests in Zhaojin Non-Ferrous Mining Company Limited ("Zhaojin Non-Ferrous"), therefore the 50,967,195 domestic shares held by Zhaojin Non-Ferrous in the Company is shown as long position of Shandong Zhaojin.

(6) Schroders Plc is interested in the shares of the Company through its directly or indirectly controlled companies.

(7) Van Eck Associates Corporation is the investment manager of Market Vectors ETF — Market Vactors Gold Miners.

As at 31 December 2014, save as disclosed above and to the best knowledge of the Directors, Supervisors and senior management of the Company, no person had any interests or short positions in the shares or underlying shares of the Company which were required, pursuant to Section 336 of the SFO, to be entered into the register referred to therein, or holding 5% or above in the issued share capital of the Company which will be required to be notified to the Company.

Connected Transactions and Continuing Connected Transactions

During the Year, the Company and the Group had the following connected transactions and continuing connected transactions, details of which are disclosed in compliance with the requirements of Chapter 14A of the Listing Rules.

Continuing Connected Transactions Exempt from the Independent Shareholders' Approval Requirements

(1) On 28 December 2011, the Company entered into the Land Lease Agreement with Zhaojin Group ("Zhaojin Group", being the controlling Shareholder of the Company) in relation to the lease of land use rights by Zhaojin Group to the Company for the term of three years commencing from 1 January 2012. According to the Land Lease Agreement, the annual rental caps for the land use rights for the three years ended 31 December 2012, 31 December 2013 and 31 December 2014 were approximately RMB4,590,000, RMB4,520,000 and RMB4,440,000, respectively.

(2) On 28 December 2011, the Company entered into the Gold Refinery Agreement with Shandong Zhaojin Gold and Silver Refinery Company Limited ("Zhaojin Refinery", a 80.5% owned subsidiary of Zhaojin Group) in relation to the provision of gold refining services by Zhaojin Refinery to the Company for the term of three years commencing from 1 January 2012. According to the Gold Refinery Agreement, the annual caps for the provision of gold refinery services for the three years ended 31 December 2012, 31 December 2013 and 31 December 2014 were RMB7,300,000, RMB8,400,000 and RMB9,700,000, respectively.

(3) On 28 December 2011, the Company entered into the Digital Mine Construction Technology Services Agreement with Shandong Goldsoft Technology Company Limited ("Goldsoft Technology", a 77.04% owned subsidiary of Zhaojin Group) in relation to the provision of Digital Mine Construction Technology Services by Goldsoft Technology to the Group for the term of three years commencing from 1 January 2012. According to the Digital Mine Construction Technology Services Agreement, the annual caps for the provision of Digital Mine Construction Technology Services for the three years ended 31 December 2012, 31 December 2013 and 31 December 2014 were RMB37,700,000, RMB43,100,000 and RMB38,500,000, respectively.

(4) On 28 December 2011, the Company entered into the Framework Agreement for Sale of Silver with Shandong Zhaojin Import and Export Company Limited ("Zhaojin Import and Export", a 62.05% owned subsidiary of Zhaojin Group) in relation to the sale of silver by the Group to Zhaojin Import and Export for the term of three years commencing from 1 January 2012. According to the Framework Agreement for Sale of Silver, the annual caps for the sale of silver for each of the three years ended 31 December 2012, 31 December 2013 and 31 December 2014 were RMB160,000,000, RMB180,000,000 and RMB200,000,000, respectively.

Zhaojin Group is the controlling Shareholder of the Company. Zhaojin Refinery, Goldsoft Technology and Zhaojin Import and Export are Associates of Zhaojin Group and are therefore connected persons of the Company and the transactions contemplated under the Land Lease Agreement, the Gold Refinery Agreement, the Digital Mine Construction Technology Services Agreement and the Framework Agreement for Sale of Silver constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Given that each of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of each of the Land Lease Agreement, the Gold Refinery Agreement, the Digital Mine Construction Technology Services Agreement and the Framework Agreement for Sale of Silver are less than 5%, the transactions under the Land Lease Agreement, the Gold Refinery Agreement, the Digital Mine Construction Technology Services Agreement and the Framework Agreement for Sale of Silver are subject to the annual review, reporting and announcement requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Relevant details were set out in the announcements of the Company dated 28 December 2011 published on the website of the Stock Exchange at www.hkexnews.com.hk and the website of the Company at www.zhaojin.com.cn.

(5) On 9 April 2013, the Company and Shandong Zhaojin Motian Co., Ltd. ("Zhaojin Motian", a subsidiary in which Zhaojin Group holds 55% equity) entered into the Framework Agreement on supplying filter membrane, equipment and water treatment engineering services for the Company from 9 April 2013 to 31 December 2015. According to the Framework Agreement, as of 31 December 2013, 31 December 2014 and 31 December 2015, the annual caps related to water treatment business are RMB30,000,000, RMB40,000,000 and RMB50,000,000 respectively.

Zhaojin Group is the controlling Shareholder of the Company and Zhaojin Motian is a subsidiary in which Zhaojin Group holds 55% equity. Zhaojin Motian is therefore a connected person of the Company and the transactions contemplated under the Framework Agreement constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules. As each of the applicable percentage ratios (other than the profits ratio) (as defined under Rule 14.07 of the Listing Rules) in respect of the Framework Agreement are more than 0.1% but less than 5%, the Framework Agreement and the proposed transactions thereunder are subject to the annual review, reporting and announcement requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Relevant details were set out in the announcements of the Company dated 9 April 2013 published on the website of the Stock Exchange at www.hkexnews.com.hk and the website of the Company at www.zhaojin.com.cn.

(6) On 9 April 2013, the Company and Zhao Jin Futures Co., Ltd ("Zhao Jin Futures", non-wholly owned subsidiary of Zhaojin Group in which Shandong Zhaojin Gold and Silver Refinery Company Limited, a subsidiary of Zhaojin Group holds 49.96% equity) entered into the futures brokerage contract in relation to the provision of futures brokerage services in the PRC by Zhao Jin Futures to the Company from 9 April 2013 to 31 December 2015. According to the futures brokerage contract, as of 31 December 2013, 31 December 2014 and 31 December 2015, the maximum amount of the security deposit amount place by the Company with Zhao Jin Futures are RMB200,000,000, RMB230,000,000 and RMB265,000,000 and the transaction fees payable by the Company and its subsidiaries to Zhao Jin Futures are RMB550,000, RMB650,000 and RMB750,000.

Zhaojin Group is the controlling Shareholder of the Company and Zhao Jin Futures is a non-wholly owned subsidiary of Zhaojin Group in which Zhaojin Group holds 49.96% equity. Zhao Jin Futures is therefore a connected person of the Company and the transactions contemplated under the futures brokerages contract constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules. Each of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in relation to the amount of security deposit to be placed by the Company with Zhao Jin Futures together with the transaction fees on an annual basis contemplated under the futures brokerage contracts exceed 0.1% but less than 5%, the futures brokerage contracts constitute continuing connected transactions of the Company and is subject to the annual review, reporting and announcement requirements but is exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Relevant details were set out in the announcements of the Company dated 9 April 2013 published on the website of the Stock Exchange at www.hkexnews.com.hk and the website of the Company at www.zhaojin.com.cn.

(7) On 21 March 2014, the Company entered into the Exploration Services Agreement with Shandong Zhaojin Geological Prospecting Co., Ltd ("Shandong Zhaojin Geological", a wholly-owned subsidiary of Zhaojin Group) in relation to the provision of exploration services by Shandong Zhaojin Geological to the Group for the period from 21 March 2014 to 31 December 2016, pursuant to which the annual caps of the Group in respect of the transactions for the three years ending 31 December 2014, 31 December 2015 and 31 December 2016 are RMB90,000,000, RMB100,000,000 and RMB110,000,000, respectively.

(8) On 21 March 2014, the Company entered into the Material Procurement Framework Agreement with Materials Supply Center (a wholly-owned subsidiary of Zhaojin Group) in relation to the provision of materials sales service by Materials Supply Center to the Company for the period from 21 March 2013 to 31 December 2016. Pursuant to the Material Procurement Framework Agreement, the maximum aggregated value of materials procurement transactions for the years ending 31 Decemebr 2014, 31 December 2015 and 31 Decemebr 2016 are approximately RMB70,000,000, RMB90,000,000 and RMB100,000,000, respectively.

Zhaojin Group is the controlling shareholder of the Company and both the Shandong Zhaojin Geological and Materials Supply Center are wholly-owned subsidiaries of Zhaojin Group. Shandong Zhaojin Geological and Materials Supply Center are therefore connected persons of the Company and the transactions contemplated under the Exploration Services Agreement and Material Procurement Framework Agreement constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules. As each of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Exploration Services Agreement and Material Procurement Framework Agreement is more than 0.1% but less than 5%, the Exploration Services Agreement and the transactions contemplated thereunder are subject to the annual review, reporting and announcement requirements and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Relevant details were set out in the announcements of the Company dated 23 March 2014 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

Subsequent Events

(1) On 20 March 2015, the Company entered into the Land Leasing Agreement with Zhaojin Group (the controlling shareholder of the Company) in relation to the leasing of land use rights by Zhaojin Group to the Company for a term of three years commencing from 1 January 2015. Pursuant to the Land Leasing Agreement, the annual rental caps for the leasing of land use rights for the three years ending 31 December 2015, 31 December 2016 and 31 December 2017 are approximately RMB6,540,000, RMB5,790,000 and RMB4,660,000, respectively.

(2) On 20 March 2015, the Company entered into the Gold Refining Agreement with Zhaojin Refinery (a 80.5% owned subsidiary of Zhaojin Group) in relation to the provision of gold refining services by Zhaojin Refinery to the Company for a term of three years commencing from 1 January 2015. Pursuant to the Gold Refining Agreement, the annual caps for the provision of gold refinery services for the three years ending 31 December 2015, 31 December 2016 and 31 December 2017 are RMB7,500,000, RMB8,800,000 and RMB9,900,000, respectively.

(3) On 20 March 2015, the Company entered into the Digital Mine Construction Technology Services Agreement with Goldsoft Technology (a 77.04% owned subsidiary of Zhaojin Group) in relation to the provision of digital mine construction technology services by Goldsoft Technology to the Group for a term of three years commencing from 1 January 2015. Pursuant to the Digital Mine Construction Technology Services Agreement, the annual caps for the provision of digital mine construction technology services for the three years ending 31 December 2015, 31 December 2016 and 31 December 2017 are RMB56,000,000, RMB63,250,000 and RMB65,000,000, respectively.

(4) On 20 March 2015, the Company entered into the Silver Sales Framework Agreement with Zhaojin Import and Export (a 62.05% owned subsidiary of Zhaojin Group) in relation to the sale of silver by the Group to Zhaojin Import and Export for a term of three years commencing from 1 January 2015. Pursuant to the Silver Sales Framework Agreement, the annual caps for the sale of silver for the three years ending 31 December 2015, 31 December 2016 and 31 December 2017 are RMB150,000,000, RMB200,000,000 and RMB270,000,000, respectively.

Zhaojin Group is the controlling shareholder of the Company while Zhaojin Refinery, Goldsoft Technology and Zhaojin Import and Export are subsidiaries of Zhaojin Group and are therefore connected persons of the Company. Therefore, the transactions contemplated under the Land Leasing Agreement, the Gold Refining Agreement, the Digital Mine Construction Technology Services Agreement and the Silver Sales Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Given that each of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Land Leasing Agreement, the Gold Refining Agreement, the Digital Mine Construction Technology Services Agreement and the Silver Sales Framework Agreement is less than 5%, the transactions under the Land Leasing Agreement, the Gold Refining Agreement, the Digital Mine Construction Technology Services Agreement and the Silver Sales Framework Agreement are subject to the annual review, reporting and announcement requirements but are exempt from the independent shareholders'approval requirement under Chapter 14A of the Listing Rules.

Connected Transactions

The Company convened a Board meeting on 29 August 2014 for consideration and approval of the resolution in relation to the establishment of Zhaojin Finance Company jointly contributed by the Company with Zhaojin Group and Zhaojin Smelting and authorization of management to handle the relevant matters.

On 22 January 2015, the Company received the approval from the China Banking Regulatory Commission for the establishment of Zhaojin Financial Company, and was required to complete establishment within 6 months from the date of approval and file an application to Shangdong Bureau of CBRC for business opening in accordance with relevant requirements and procedures.

On 11 February 2015, the Company, Zhaojin Group and Zhaojin Smelting jointly confirmed and entered into the Capital Contribution Agreement for joint establishment of Zhaojin Finance Company. Pursuant to the Capital Contribution Agreement, the Company, Zhaojin Group and Zhaojin Smelting will contribute RMB255 million, RMB200 million and RMB45 million respectively, representing 51%, 40% and 9% of the registered capital of Zhaojin Finance Company, respectively.

Relevant details were set out in the announcements dated 11 February 2015 published on the website of the Stock Exchagne at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

Our Independent Non-executive Directors have reviewed the continuing connected transactions and other connected transactions set out in note 44 to financial statements in this annual report, and are of the view that the continuing connected transactions have been entered into under the following circumstances:

(1) in the ordinary and usual course of business;

(2) on normal commercial terms or on terms no less favorable to the Group than terms offered to/by independent third parties; and

(3) in accordance with the relevant agreements governing those transactions on terms that are fair and reasonable and in the interest of the shareholders of the Company as a whole.

For related party transaction disclosed in note 44 to the consolidated financial statements which constituted connected transaction under the Listing Rules, the Company has complied with all the relevant requirements under Chapter 14A of the Listing Rules.

Ernst & Young, the Company's auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 Auditors' Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Stock Exchange.

In respect of the continuing connected transactions disclosed (the "Disclosed Continuing Connected Transactions"), the Company's auditor confirmed that, with respect to those entered into during the financial year ended 31 December 2014 or prior:

a. nothing has come to its attention that causes it to believe that the Disclosed Continuing Connected Transactions have not been approved by the Company's board of directors;

b. for transactions involving the provision of goods or services by the Group, nothing has come to its attention that causes it to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company;

c. nothing has come to its attention that causes it to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

d. nothing has come to its attention that causes it to believe that the Disclosed Continuing Connected Transactions have exceeded the maximum aggregate annual value disclosed in the previous announcements dated 28 December 2011, 9 April 2013 and 23 March 2014 made by the Company in respect of each of the Disclosed Continuing Connected Transactions.

A copy of the auditors' letter has been provided by the Company to the Hong Kong Stock Exchange.

Undertakings and Statements under the Non-competition Agreement

The Company and Zhaojin Group entered into a Non-competition agreement on 17 November 2006, pursuant to which the independent Non-executive Directors of the Company are required to review, at least once a year, whether Zhaojin Group has complied with their undertakings under the Non-competition agreement. In addition, Zhaojin Group has also undertaken to the Company to provide an annual compliance statement for incorporation in the annual report of the Company.

The Independent Non-executive Directors have reviewed whether Zhaojin Group has complied with their undertakings under the Non-competition Agreement in respect of its existing or future competing businesses. The Independent Non-executive Directors are of the view that Zhaojin Group has complied with those undertakings.

During the Year, the Independent Non-executive Directors have expressed their independent opinions regarding the connected transactions of the Exploration Services Agreement entered into between the Group and Shandong Zhaojin Geological and the Material Procurement Framework Agreement entered into between the Group and Materials Supply Center.

The Company has also received a statement under the Non-competition agreement from Zhaojin Group on 2 January 2015, which stated that Zhaojin Group, as the controlling Shareholder of the Company, has complied with their undertakings under the Non-competition agreement dated 17 November 2006 for the year ended 31 December 2014.

Directors' Interests in Competing Businesses

Save as disclosed in this report, as at 31 December 2014, none of the Directors or any of their respective associates was engaged or had any interests in a business that competes with or may compete with the business of the Group.

Acquisition

(1) The Company, Shandong Boyan Mining Industry Company Limited* (山東博岩礦業有限公司) ("Boyan Mining"), Zhejiang Zhengxiang Investment Management Company Limited* (浙江政響投資管理有限公司) ("Zhengxiang Company") and four vendors including Kashgar Xinxiangping building materials Company Limited* (喀什鑫響坪環保建材有限公司), Lin Jinfang, Chen Tiande and Hong Zhenchao entered into equity transfer agreement in relation to equity transfer on 15 December 2014. The Company and Boyan Mining jointly acquired 80% equity interests in Xiahe Binghua Mining Industry Company Limited* (夏河縣冰華礦業有限責任公司) ("Binghua Company"), of which the Company acquired 51% equity interests in Binghua Company for an expected total consideration of not more than RMB900 million, and Boyan Mining acquired 29% equity interests in Binghua Company for an expected total consideration of not more than RMB520 million. As at 20 March 2015, the acquisition has not been completed. The acquired mining rights covering a mining area of 6.8172 km^2 with gold reserve of 40 tonnes. According to the current exploration, the total reserve of this project will exceed 100 tonnes, being a super-large gold deposit. In addition, the deep part and the two wings of the ore bodies in this gold mine are unsealing, indicating a huge potential of mineralization.

The acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Relevant details have set out in the announcement of the Company dated 15 December 2014 published on the website of The Stock Exchange of Hong Kong Limited ("the Stock Exchange") at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

(2) On 22 January 2014, the Company participated through North China Zhaojin Mining Investment Co., Ltd in the open tender of auction in Heilongjiang organized by Trading Centre of Land and Resources Department of Heilongjiang Province for exploration rights formed with the second batch (part) of State funds in 2013, at which the Company acquired the exploration rights covering 24.14 km^2 gold and molybdenum mine in Fuqiangxibei Village, Xunke County, Heilongjiang Province at the consideration of RMB1.56 million. The project has completed on-site surface survey, geological survey and geochemistry while the field work is under smooth progress, which creates a favourable condition for the subsequent work.

The acquisition does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules, nor does it constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules.

Report of the Directors

Significant Events

1. On 26 May 2014, the 2013 annual general meeting of the Company discussed and passed, among other things, the following resolutions:

   (1) the Company's profit distribution proposal for the year ended 31 December 2013 to distribute a cash dividend of RMB0.1 (tax included) per share to all shareholders. On 27 June 2014, the Company distributed the 2013 cash dividend of RMB0.1 (tax included) per share to all shareholders;

   (2) authorizing the Board to allot, issue or deal with shares of up to a maximum of 20% of the aggregate nominal value of the issued H shares and existing domestic shares of the Company as at the date of passing such resolution;

   (3) authorizing the Board to repurchase H shares of up to a maximum of 10% of the aggregate nominal value of the issued H share capital of the Company as at the date of passing such resolution;

   (4) issuance of corporate bonds in the PRC and authorizing the Board to deal with the matters regarding issuance of corporate bonds; and

   (5) issuance of non-financial corporate debt financing instruments in the interbank bond market.

   Relevant details of 2013 Annual General Meeting were set out in the circular, notice, supplemental notice and voting results announcement of the Company dated 9 April 2014, 8 May 2014 and 26 May 2014 respectively published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

2. On 26 May 2014, the following proposals (among other things) were reviewed at the domestic shares class meeting and H shares class meeting (collectively "Class Meetings") respectively:

   Authorizing the Board to repurchase H shares of up to a maximum of 10% of the aggregate nominal value of the issued H share capital of the Company as at the date of passing such resolution;

   The proposal was approved at the domestic shares class meeting and the H shares class meeting.

   Relevant details of the Class Meetings were set out in the circular, notice, supplemental notice and voting results announcement of the Company dated 9 April 2014, 8 May 2014 and 26 May 2014 respectively published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

3. Issuance of Debt Financial Instruments

On 10 October 2014, the resolution in relation to the issuance of super short-term bonds of not more than RMB2.0 billion, issuance of medium-term notes of no more than RMB3.6 billion in the PRC and authorizing the Board to deal with the matters related to the issuance of super short-term bonds and medium-term notes were considered and approved by the 2014 first extraordinary general meeting.

Relevant details of the 2014 First Extraordinary General Meeting were set out in the circular, notice and voting results announcement of the Company dated 19 September 2014 and 10 October 2014 respectively published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

4. Distribution of Interest of "09 Corporate Bonds" for the Year 2014

On 23 December 2014, the Company distributed the interest of "09 Corporate Bonds" in an aggregate sum of RMB75,000,000 for the fifth distributing year from 23 December 2013 to 22 December 2014.

Relevant details were set out in the announcement of the Company dated 18 December 2014 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

5. Distribution of Interest of "12 Corporate Bonds" for the Year 2014

On 17 November 2014, the Company distributed the interest of "12 Corporate Bonds" in an aggregate sum of RMB59,880,000 for the second distributing year from 16 November 2013 to 15 November 2014.

Relevant details were set out in the announcement of the Company dated 10 November 2014 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

6. Election of the Board and Changes in Composition of the Board

The Company held the eighth meeting of the fourth session of the Board on 24 January 2014, at which Mr. Lu Dongshang resigned from being the Chairman of the fourth session of the Board and the authorized representative of the Company due to other work engagement, Mr. Weng Zhanbin resigned from being the Vice Chairman, and Mr. Ye Kai resigned from being a Non-executive Director and a member of the Audit Committee, effective from 24 January 2014. Mr. Lu, Mr. Weng and Mr. Ye confirmed that they had no disagreement with the Board and there was no matter relating to their resignation that needs to be notified to the shareholders of the Company. In accordance with the Article of Association, the Board agreed to appoint Mr. Weng Zhanbin as the chairman of the fourth session of the Board of the Company, and agreed to appoint Mr. Xu Xiaoliang as a Non-executive Director and a member of the Audit Committee of the Company, effective from 24 January 2014.

The details of changes in directors of the Board were set out in the announcement of the Company dated 27 January 2014 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

The Company held the eleventh meeting of the fourth session of the Board on 15 August 2014, at which, Mr. Ye Tianzhu resigned from being the Independent Non-executive Director, the chairman of the Geological and Resources Management Committee and a member of the Nomination and Remuneration Committee, with effect from 15 August 2014. Mr. Ye confirmed that he had no disagreement with the Board and there was no matter relating to his resignation that needs to be notified to the shareholders of the Company. In accordance with the Article of Association, the Board appointed Mr. Nie Fengjun as an Independent Non-executive Director, the chairman of the Geological and Resources Management Committee and a member of the Nomination and Remuneration Committee of the Company.

The details of changes in directors of the Board were set out in the announcement of the Company dated 15 August 2014 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

The Company held the fifteenth meeting of the fourth session of the Board on 20 March 2015, at which, Mr. Kong Fanhe resigned from being a Non-executive Director, with effect from 20 March 2015. Mr. Kong confirmed that he had no disagreement with the Board and there was no matter relating to his resignation that needs to be notified to the shareholders of the Company. In accordance with the Article of Association, the Board appointed Mr. Wu Yijian as a Non-excutive Director of the Company. In addition, Mr. Cong Jianmao has been re-designated from Non-executive Director to Executive Director due to reallocation of work arrangement, with effect from 20 March 2015.

The details of changes in directors of the Board were set out in the announcement of the Company dated 20 March 2015 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

7. Changes in Senior Management

The Company held the eighth meeting of the fourth session of the Board on 24 January 2014, at which Mr. Weng Zhanbin resigned from being the President of the Company with effect from 24 January 2014. The Board agreed to appoint Mr. Li Xiuchen as the President of the Company and he resigned from his positions as the Executive President of the Company with effect from 24 January 2014. The term of office of Mr. Li Xiuchen will last till the expiration of the term of the current session of the Board.

Relevant details of changes in senior management were set out in the announcement of the Company dated 27 January 2014 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

The Company held the eleventh meeting of the fourth session of the Board on 15 August 2014, at which Mr. Qiu Shoucai resigned from being the Chief Financial Officer of the Company with effect from 1 April 2014. Mr. Qiu confirmed that he had no disagreement with the Board and there are no other matters that need to be notified to shareholders of the Company. In the meantime, as assessed and recommended by shareholders and nominated by the President, the Board agreed to appoint Mr. Sun Yimin as the Chief Financial Officer of the Company, for a term commencing from 15 August 2014 to the expiration of the term of the current session of the Board.

The Company held the fourteenth meeting of the fourth session of the Board on 21 January 2015, at which as nominated by the President, the Board agreed to appoint Mr. Qin Hongxun as the Vice President of the Company, for a term commencing from 21 January 2015 to the expiration of the term of the current session of the Board.

8. Issuance of the First Tranche of Super Short-term Bonds and Medium-term Notes in 2015

On 23 January 2015, the Company issued the first tranche of super short-term bonds in 2015 with a par value of RMB1 billion for a term of 270 days and bearing interest at a rate of 4.7% per annum. The proceeds is used as general working capital of the Company.

Relevant details were set out in note 48 to Financial Statements on page 260 of this annual report and the announcement of the Company dated 22 January 2015 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

On 18 March 2015, the Company issued the first tranche of medium-term notes for 2015 with a par value of RMB500 million and an interest rate of 5.90% per annum. Such medium-term notes will be expired when the issuer redeems pursuant to the agreement made in the terms of issuance. The Proceeds is used as general working capital of the Company.

Relevant details were set out in note 48 to Financial Statements on page 260 of this annual report and the announcement of the Company dated 19 March 2015 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

Litigation and Arbitration

During the Year, the Company and the Group have not been involved in any material litigation or arbitration. As far as the Directors are aware, the Company does not have any material litigation or arbitration pending or threatened against the Company which may adversely affect the Company's operating results and financial conditions.

Compliance with the Corporate Governance Code

The Board is of the view that the Company has complied with the code provisions in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules (collectively the "Code") during the period from 1 January 2014 to 31 December 2014. No Director is aware of any information that reasonably reveals that there was any non-compliance with the code provisions of the Code by the Company at any time during the Year.

For details of the Corporate Governance Report, please refer to pages 67 to 100 of this annual report.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code")

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors and Supervisors.

The Board is pleased to confirm, after making specific enquiries with all Directors and supervisors, that all Directors and Supervisors have fully complied with the standards required according to the Model Code set out in Appendix 10 of the Listing Rules during the Year.

Audit Committee

The Audit Committee of the fourth session of the Board of the Company comprises 1 Non-executive Director and 2 Independent Non-executive Directors, namely Mr. Xu Xiaoliang, Ms. Chen Jinrong and Mr. Choy Sze Chung Jojo. Its Chairman is Ms. Chen Jinrong.

The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2014, and is of the view that the Group's audited consolidated financial statements for the year ended 31 December 2014 are prepared in accordance with the applicable accounting standards, laws and regulations, and appropriate disclosures have already been made.

The Company held the eighth meeting of the fourth session of the Board on 24 January 2014, at which the Company agreed Mr. Ye Kai to resign from his position as a member of the Audit Committee, and appointed Mr. Xu Xiaoliang as a member of the Audit Committee.

Confirmation of Independence of the Independent Non-Executive Directors

The Company confirmed that it has received the annual confirmation of independence from each of the Independent Non-executive Directors in compliance with Rule 3.13 of the Listing Rules on 20 March 2015. The Company is of the view that the Independent Non-executive Directors remain independent during the Year in accordance with the relevant requirements of Rule 3.13 of the Listing Rules.

Closure of the Register of Members

In order to determine the holders of H shares who are entitled to attend the 2014 AGM, the H shares registrar and transfer office will be closed from 27 April 2015 to 27 May 2015, both days inclusive, during which no transfer of shares will be registered. In order to determine the shareholders of H shares who are entitled to receive the final dividend for the year ended 31 December 2014, the H shares registrar and transfer office will be closed between 2 June 2015 and 6 June 2015, both days inclusive, during which no transfer of shares will be registered.

For qualifying to attend and vote at the 2014 AGM, holders of H shares shareholders whose transfer has not been registered must lodge all transfer instruments accompanied by the relevant share certificates with the Company's H shares registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for holders of H shares, or the registered address of the Company at 299 Jinhui Road, Zhaoyuan City, Shandong Province, the PRC for holders of domestic shares for registration at or before 4:30 p.m. on Friday, 24 April 2015.

For qualifying to receive the final dividend for the year 2014, holders of H shares whose transfer has not been registered must lodge all transfer instruments accompanied by the relevant share certificates with the Company's H shares registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for holders of H shares, or the registered address of the Company at 299 Jinhui Road, Zhaoyuan City, Shandong Province, the PRC for holders of domestic shares for registration at or before 4:30 p.m. on Monday, 1 June 2015.

Auditor

The financial statements of the Group prepared in accordance with Hong Kong Financial Reporting Standards have been audited by Ernst & Young. The auditor is subject to re-election and the Board resolved to appoint Ernst & Young as the Company's auditor.

A resolution in relation to the appointment of Ernst & Young as the auditor of the Company will be proposed at the 2014 AGM.

By the order of the Board
Weng Zhanbin
Chairman

20 March 2015

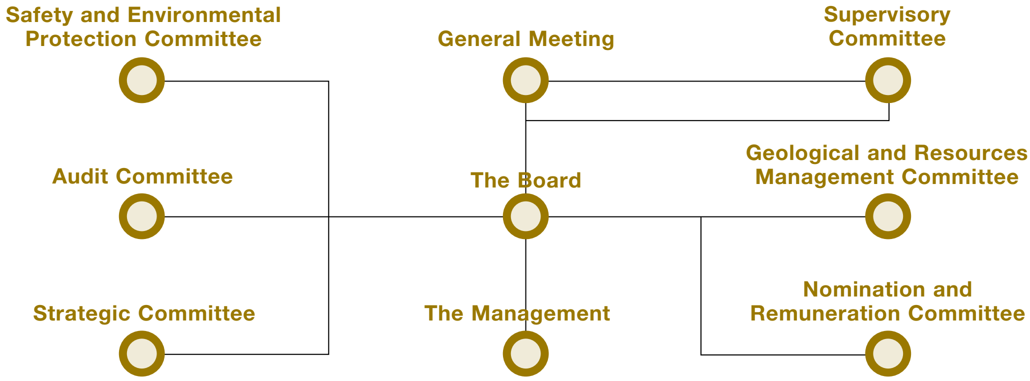
Corporate Governance Practice Report

As one of the largest gold mining overseas-listed companies in the PRC, the Group is committed to protect Shareholders' and staff's interests and create Shareholders' value. The Board and the management of the Company believe that high standard of corporate governance is essential to the success of the Company and always strive to maintain a high level of corporate governance standard and practice.

(A) Corporate Governance Practice

During the Year, the Company had complied with all the code provisions of the Corporate Governance Code (the "Code") with no deviation, and had adopted certain recommended best practices in the Code where applicable.

For the year ended 31 December 2014, the corporate governance structure of the Company is set out as follows:



(B) Securities Transaction of Directors

The Company had adopted all provisions of the Model Code set out in Appendix 10 of the Listing Rules.

None of the Directors had any interest in securities of the Company as at 31 December 2014. Specific enquiries regarding non-compliance of the Model Code were made to all Directors, and they all confirmed that they had fully complied with the provisions contained in the Model Code during the Year.

(C) The Board

The Board is the executive body of the Company and is primarily responsible for formulating the operation plans, managing decisions, establishing the overall strategic direction of the Group. It is responsible for setting objectives and business development plan of the Group and monitoring the performance of the senior management. The Board is also responsible for the compilation and approval of annual and interim results, risk management, major acquisitions, as well as other material operation and financial matters. The Board acts according to the Rules and Procedures of Board Meetings formulated by the Board. Under the leadership of the Board, the management will be empowered to implement the Group's strategies and business objectives. The Board and management have expressly defined the responsibilities and authorities towards internal controls, policies and day-to-day operation of the Group's business.

Being the fourth session of the Board since the establishment of the Company, the incumbent Board comprises eleven Directors, of which four are Executive Directors, three are Non-executive Directors and four are independent Non-executive Directors.

In accordance with the Articles of Association, Directors are elected or replaced by general meetings. Shareholders, the Board or the Supervisory Committee are entitled to nominate a candidate for directorship by written notice. Directors are eligible to be re-elected upon expiry of term.

The fourth session of the Board was elected at the extraordinary general meeting convened on 26 February 2013. All members of the fourth session of the Board have a term of three years commencing from 26 February 2013. The Company held the eighth meeting of the fourth session of the Board on 24 January 2014, at which the Company agreed Mr. Ye Kai to resign from his position as a Non-executive Director and a member of the Audit Committee of the Company, and appointed Mr. Xu Xiaoliang as a Non-executive Director and a member of the Audit Committee of the Company. The eleventh meeting of the fourth session of the Board was held on 15 August 2014, at which Mr. Ye Tianzhu was agreed to resign from his positions as an Independent Non-executive Director, the chairman of Geological and Resources Management Committee and a member of the Remuneration Committee, and Mr. Nie Fengjun was appointed as an Independent Non-executive Director, the chairman of Geological and Resources Management Committee and a member of the Nomination and Remuneration Committee of the Company. The Company held the fifteenth meeting of the fourth session of the Board on 20 March 2015, at which the Company agreed Mr. Kong Fanhe to resign from his position as a Non-executive Director, and appointed Mr. Wu Yijian as a Non-executive Director of the Company.

Members of the Board are from different industry backgrounds and have extensive experience in science and technology, securities and finance, mining and metallurgy, corporate management and financial accounting.

The Company has four Executive Directors responsible for specific management duties, representing 36% of the directorship. This helps the Board to closely review and monitor the management procedure of the Company. Mr. Weng Zhanbin, the Chairman of the Company, Mr. Li Xiuchen, the President of the Company and Mr. Lu Dongshang and Mr. Cong Jianmao*, Executive Directors of the Company, have years of extensive experience in the gold mining management industry and are responsible for the business management, formulating and implementing important strategies, making day-to-day business decisions and coordinating overall business operations.

The Company has four Independent Non-executive Directors, representing 36% of the directorship, which complies with the requirements of Rules 3.10(1) and 3.10A of the Listing Rules. The Company is of the view that the four independent Non-executive Directors have extensive experience in the industry or financial matters and qualifications to perform their responsibilities, which complies with the requirements of Rule 3.10(2) of the Listing Rules which requires that at least one of the Independent Non-executive Directors shall have appropriate professional qualifications, accounting or related financial management expertise. Independent Non-executive Directors are assumed by the persons who are independent of any Directors, Supervisors, chief executives and substantial shareholders (as defined in the Listing Rules) or such individuals without any connection thereto (the independent third party), which complies with the requirement of independence of Listing Rules. According to the Listing Rules, each independent Non-executive Director shall confirm his/her independence to the Stock Exchange prior to his/her appointment. As at 20 March 2015, the Company had received the annual confirmation of independence from the four Independent Non-executive Directors confirming their independent status in accordance with Rule 3.13 of the Listing Rules. The Company had verified their independence and confirmed that all of the Independent Non-executive Directors were independent individuals. The four independent Non-executive Directors held office in the Audit Committee, Nomination and Remuneration Committee, Geological and Resources Management Committee or Safety or Environmental Protection Committee under the Board.

* Mr. Cong Jianmao has been re-designated from Non-executive Director to Executive Director of the Company with effect from 20 March 2015.

The Board convenes meetings on a regular basis. A minimum of four meetings with Directors' attendance in person are held each year, and additional meetings will be convened if necessary. The secretary to the Board/company secretary is responsible for assisting the Chairman in compiling agendas. Each Director can request to have discussion topics included in the agenda. The Company convened six Board meetings of the fourth session of the Board, two general meetings and two class meetings during the Year and the record of attendance of each Director is set out as follows:

	Number of Board meetings convened	Attendance	Of which: attendance by proxy	Number of general meetings and class general meetings convened	Attendance
Executive Directors					
Weng Zhanbin *(Chairman)*	6	6	(0)	4	4
Li Xiuchen	6	6	(0)	4	4
Lu Dongshang	6	3	(3)	4	3
Non-executive Directors					
Liang Xinjun	6	4	(2)	4	3
Cong Jianmao*	6	6	(0)	4	4
Ye Kai (resigned on 24 January 2014)	6	1	(1)	4	0
Kong Fanhe	6	6	(0)	4	4
Xu Xiaoliang (appointed with effect from 24 January 2014)	6	5	(0)	4	3
Independent Non-executive Directors					
Ye Tianzhu (resigned on 15 August 2014)	6	3	(1)	4	0
Chen Jinrong	6	6	(0)	4	3
Choy Sze Chung Jojo	6	6	(0)	4	3
Xie Jiyuan	6	6	(0)	4	3
Nie Fengjun (appointed with effect from 15 August 2014)	6	2	(0)	4	0

* Mr. Cong Jianmao has been re-designated from Non-Executive Director to Executive Director of the Company with effect from 20 March 2015.

The Board or special committees circulate the relevant information provided by the senior management, which sets out the matters that require to be decided by the Board and the report concerning the Group's operation and financial performance prior to each Board meeting. Notices of Board meetings are delivered to the Board members at least 14 days before the meetings for the Directors to prepare to attend the relevant meetings and incorporate other matters into the agenda. The meeting documents and the agenda of the Board meeting or special committee meeting are distributed to Directors or special committee members at least three days before the meetings to allow them to have sufficient time to review the relevant documents and prepare for the meetings. Senior management shall be responsible for preparing the documents of the Board and special committee, submitting reports upon request from time to time and addressing or answering any potential questions raised by the Board members regarding the reports during the meetings.

The Directors are free to express their views at the meetings. Important decisions will only be made after due and careful discussion at the Board meetings. The Directors confirm that they have responsibility to act in the interests of the public and the Company, particularly in the interests of minority shareholders. In the event of a conflict of interests between shareholders' interests and any other interests, shareholders' interests shall prevail.

Board meetings and special committee meetings are chaired by the Chairman of the Board and the chairman of the special committee, respectively, in order to ensure adequate time is allocated for discussion and consideration of each agenda item and provide equal opportunities for each Director to express his/her views and ideas.

Detailed minutes of meetings are compiled for the Board meetings or special committee meetings. Minutes of the meetings must record in detail issues considered by the Directors during the meeting as well as the resolutions made, including any doubts or objections put forward by the Directors.

The Directors can provide comments on the draft minutes within a week after the draft minutes are provided to all Directors or special committee members. Draft minutes will then be approved after confirmation is given by the Chairman of the Board or the chairman of the special committee.

Minutes of Board meetings or special committee meetings are kept by the secretary to the Board/company secretary and are available for inspection by the Directors at all times.

All Directors are free to communicate with the secretary to the Board/company secretary who is responsible for ensuring and advising on compliance of all procedures in connection with the Board and all applicable rules and regulations.

The management shall on their own accord or upon enquiries provide appropriate and sufficient information to the Directors and special committee members and/or respond as soon as possible, so as to keep them informed of the latest development of the Company to facilitate their performance of duties.

The management of the Company provides updated information, including corporate financial report, operation and market conditions to its Directors every month, so as to keep them informed of the status of the Company and help them perform their duties.

The Company has purchased director's liability insurance for its Directors.

Each Director has been provided with a Director's Handbook containing guidance on practice. Provisions of regulations or relevant chapters of the Listing Rules are quoted in the Director's Handbook to remind Directors of the responsibilities they must discharge, including disclosure of their interest to the regulatory bodies, potential conflict of interests and changes of details of personal data.

The Board and special committees are provided with sufficient resources for performance of duties including but not limited to engaging external consultants when necessary at the expense of the Company. Individual Directors can also engage external consultants for advice on specific issues at the expense of the Company.

All Directors can obtain from the secretary to the Board/company secretary the information and latest developments about rules and regulations and other continuing responsibilities which directors of listed companies must observe, so as to ensure that each Director is informed of his/her own duties and that the Company consistently implements the Board's procedures and properly complies with the applicable laws and regulations.

No relationship (including financial, business, family or other material/relevant relationship) exists between members of the Board.

(D) Chairman and President

The roles of the Chairman and the President of the Company are separated and their duties are stated in writing, and are assumed by different individuals who play their distinctive roles. Mr. Weng Zhanbin, the Chairman of the Board, is responsible for setting the Group's overall corporate development directions and formulating business development strategies. Mr. Weng is also responsible for ensuring the establishment, implementation and execution of sound corporate governance practices and procedures. Mr. Li Xiuchen, the President, is responsible for the Group's day-to-day management and execution of approved strategies.

The Chairman is elected by the Board and is primarily responsible for convening and presiding over Board meetings, inspecting the implementation of Board resolutions, presiding over annual general meetings, signing transaction documents in relation to securities issued by the Company and other important documents, and exercising other rights conferred by the Board. The Chairman reports to the Board and is accountable to the Board.

The President is nominated by the Chairman and appointed by the Board. The President is responsible for the day-to-day operation of the Company, including implementing strategies and policies, the Company's operation plans and investment schemes approved by the Board, formulating the Company's internal control structure and fundamental management policies, drawing up basic rules and regulations of the Company, proposing to the Board the appointment or removal of senior management and exercising other rights granted under the Articles of Association and by the Board. The President takes full responsibility to the Board for the operation of the Company.

(E) Non-executive Directors

The fourth session of the Board currently consists of three Non-executive Directors and four Independent Non-executive Directors, accounting for approximately 63.6% of the total number of the Board members. Non-executive Directors include Mr. Liang Xinjun, Mr. Xu Xiaoliang and Mr. Wu Yijian, and Independent Non-executive Directors include Ms. Chen Jinrong, Mr. Choy Sze Chung Jojo, Mr. Xie Jiyuan and Mr. Nie Fengjun. Pursuant to the Articles of Association, Non-executive Directors and Independent Non-executive Directors may be re-elected on the expiry of the three-year term commencing from the date of their respective appointment.

(F) Nomination and Remuneration Committee

At the eleventh meeting of the fourth session of the Board held on 15 August 2014, the Board agreed Mr. Ye Tianzhu to resign from his position as an Independent Non-executive Director, the chairman of Geological and Resources Management Committee and the member of the Nomination and Remuneration Committee, with effect from 15 August 2014. The Board agreed to appoint Mr. Nie Fengjun as an Independent Non-executive Director, and meanwhile to fill the vacancy of the chairman of Geological and Resources Management Committee and the member of the Nomination and Remuneration Committee for a term commencing from 15 August 2014 till the expiration of the current session of the Board.

As at 31 December 2014, the fourth session of Nomination and Remuneration Committee consists of five members, among whom the chairman is Mr. Choy Sze Chung Jojo, an Independent Non-executive Director. Other members are Mr. Cong Jianmao*, being Executive Director, Mr. Liang Xinjun, being Non-executive Director, and Ms. Chen Jinrong and Mr. Ni Fengjun, both being Independent Non-executive Directors.

* Mr. Cong Jianmao has been re-designated from Non-Executive Director to Executive Director of the Company with effect from 20 March 2015.

The terms of reference of the Nomination and Remuneration Committee are set out as follows:

(1) to advise the Board on the size and composition of the Board in light of the Company's operation and business activities, size of assets and shareholding structure; and to review the structure, size and composition of the Board at least once a year in order to implement the strategies of the Company;

(2) to review the criteria and procedures for selection of Directors and senior management and make recommendation to the Board;

(3) to extensively seek qualified candidates for Directors and senior management;

(4) to conduct examination and make recommendations on candidates for Directors and managers;

(5) to conduct examination and make recommendations on candidates for other senior management proposed to the Board for appointment;

(6) to formulate the standard or proposal for the remuneration package for Directors and senior management, based on their scope of work, responsibilities, importance of work and the remuneration level of other related positions, the standard or proposal of remuneration included but not limited to the amount of remuneration and bonus, performance evaluation standards, procedures and major evaluation system, major plans and systems for reward and punishment; and the standard or proposal of remuneration shall be determined with reference to the remuneration paid by comparable companies, time commitment and responsibilities;

(7) to assess the independence of Independent Non-executive Directors;

(8) to review and approve the payment of compensation in relation to loss or termination of employment, or appointment, to Executive Directors and senior management, so as to ensure that such compensation is consistent with the terms of the contract, and if not, the compensation payment shall be otherwise fair and reasonable, but not excessive;

(9) to review and approve the compensation arrangements in relation to dismissal or removal of Directors due to misconduct, so as to ensure that such compensation is consistent with the terms of the contract, and if not, the compensation payment shall be otherwise reasonable and appropriate;

(10) to ensure that no Director or any of his/her associates is involved in determining his/her own remuneration;

(11) to formulate annual evaluation target and conduct annual performance evaluation;

(12) to review the performance of duties by the Directors and senior management of the Company;

(13) to be responsible for annual evaluation of the senior management during their terms of office and propose the views on annual reappointment to the Board for consideration;

(14) to be responsible for monitoring the implementation of the Company's remuneration system; and

(15) other matters authorized by the Board.

The details of the terms of reference of the Nomination and Remuneration Committee are available on the websites of the Stock Exchange and the Company.

Working procedures of the Nomination and Remuneration Committee include:

1. to actively communicate with the relevant divisions of the Company to research on the demand of the Company for new Directors and managers and to formulate written materials;

2. to extensively look for candidates of Directors and managers within the Company and its controlled companies as well as in the recruitment market;

3. to obtain information of the occupation, education background, job title, detailed working experience and all the part-time positions of the initially proposed candidates and to prepare written materials;

4. to seek the nominees' willingness to accept the nomination, otherwise he or she shall not be put on the list of candidates of Directors and managers;

5. to convene meetings of the Nomination and Remuneration Committee and to check the qualification of initially proposed candidates according to the job requirements of Directors and managers;

6. to make recommendation about the candidates of Directors and managers and relevant materials to the Board one to two months prior to the election of new Directors and the appointment of new managers;

7. Nomination and Remuneration Committee members can seek professional advice when necessary;

8. remuneration of Directors and Supervisors for the year ended 31 December 2014 are detailed in note 8 to the financial statements on pages 165 to 169 in this annual report;

9. tasks of the Nomination and Remuneration Committee during the Year include the implementation of the policy of Directors' remuneration, the evaluation of the performance of Executive Directors and the approval of contractual terms stipulated in service contracts of Executive Directors;

10. the chairman of the Nomination and Remuneration Committee shall report the results of discussion and make recommendations to the Board after each meeting; and

11. to conduct other follow-up work according to the decision and feedback of the Board.

Nomination of Executive Directors of the Company is mainly through the internal selection and identification of the Group's staff who are familiar with the gold mining industry with extensive management experiences; while nomination of Non-executive Directors is based on their independence, their experience in gold mining industry and business management and their technical expertise, and reference is also made to the requirements of the laws and regulations in the jurisdiction where the Company is listed, and the reasonability of the structure and composition of the Board when selecting eligible persons for Directors.

Directors to be appointed and re-elected at the general meeting shall be first considered by the Nomination and Remuneration Committee. A recommendation from the committee would then be put forward for the Board's decision. Once approved, the proposal will be put forward to the general meeting. Subsequently, all those Directors are subject to the shareholders' approval for appointment or re-election at the general meeting pursuant to the requirements of the Articles of Association. In considering the new appointment or re-election of Directors, the Nomination and Remuneration Committee shall make its decision based on their attributes such as integrity, loyalty, industry experience and professional and technical skills together with the commitment to the Company, efficiency and effort to carry out their duties.

Board Diversity Policy

The Board has adopted the Board Diversity Policy in relation to the nomination and appointment of new directors, which sets out: the selection of board candidates shall be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience.

The above measurements were also reviewed and adopted when the Nomination and Remuneration Committee reviewed the composition of the Board. After assessing the suitability of the directors' skills and experience to the Company's business, the Nomination and Remuneration Committee confirmed that the existing Board was appropriately structured and no change was required.

In evaluating the performance of the Directors and senior management, the Company used budget targets and audited financial reports as benchmarks. At the same time, sales revenue and net profits were used as key performance indicators for the evaluation. It is the Company's policy that remuneration is linked to the Company's results and performance. Directors' remuneration is determined according to the appraisal by the Nomination and Remuneration Committee. Total annual income of senior management includes a basic annual salary and a performance-based annual bonus. The remunerations of Directors and Supervisors are determined in general meetings according to related policies or regulations of the PRC and the actual situation of the Company. The remunerations of Directors and Supervisors of the Company are determined on the basis of their specific management posts held by them in the Company.

During the Year, the Nomination and Remuneration Committee convened one meeting which was chaired by the chairman of the committee. The record of attendance of each member of the committee is set out below:

	Number of meetings	**Attendance**
Choy Sze Chung Jojo *(Chairman)*	1	1
Liang Xinjun	1	1
Cong Jianmao	1	1
Ye Tianzhu (resigned on 15 August 2014)	1	1
Chen Jinrong	1	1
Nie Fengjun (appointed with effect from 15 August 2014)	1	0

In 2014, the Nomination and Remuneration Committee considered and passed the Resolution on Appraisal of Annual Remuneration of the President and Senior Management in 2014.

Senior management's remuneration

The annual emoluments of the senior management fell within the following bands:

	Number of Individuals	
	2014	2013
Below HK$1,000,000 (equivalent to RMB786,200)	**1**	2
HK$1,000,001 – HK$1,500,000 (approximately equivalent to RMB786,201 – RMB1,179,300)	**5**	4
Total	**6**	6

(G) Auditor's Remuneration

The international auditor appointed by the Company are nominated by the Board and approved in the general meeting. Their remuneration was determined by the Board as authorised by the general meeting. During the Year, the remuneration paid to the international auditors for their auditing services to the Group was RMB2,700,000 (2013: RMB2,760,000).

No fee was incurred by the Company for provision of non-audit services by the international auditor.

(H) Audit Committee

To achieve best corporate governance practice, the Company established the Audit Committee on 16 October 2004. The Audit Committee was re-elected at the first meeting of the fourth session of the Board on 26 February 2013. The Company held the eighth meeting of the fourth session of the Board on 24 January 2014, at which the Company agreed Mr. Ye Kai to resign from his position as a member of the Audit Committee, and appointed Mr. Xu Xiaoliang as a member of the Audit Committee of the Company. The committee members have necessary professional qualifications and experience in financial matters and are familiar with the accounting and financial affairs, so that they can perform functions and powers in full, in compliance with the requirement of the relevant Listing Rules. The members of the Audit Committee shall have a term of office of three years.

For the year ended 31 December 2014, the Audit Committee comprised of three members, with Independent Non-executive Director Ms. Chen Jinrong as the Chairman. Other members included Non-executive Director Mr. Xu Xiaoliang and Independent Non-executive Director Mr. Choy Sze Chung Jojo.

The working system and terms of reference of the Audit Committee are is set out as follows:

(1) to propose the engagement, reappointment or replacement of external auditors, approve the remuneration and engagement terms of the external auditors, and deal with any issues regarding the resignation or dismissal of the external auditors;

(2) to oversee the Company's internal audit system and its implementation;

(3) to co-ordinate the communication between the internal audit department and external auditors;

(4) to oversee the completeness of the Company's financial statements and annual reports, interim reports and accounts, and to review the significant opinion on financial reporting as set out in the financial statements and reports. In this respect, the committee shall pay special attention to the following areas in reviewing the relevant annual reports and accounts and interim reports before the same are submitted to the Board:

    (i) any changes in accounting policies and practices;

    (ii) areas which require material judgement;

    (iii) significant adjustment resulting from the audit;

    (iv) the assumptions on the ongoing status of the Company and any qualified opinion;

    (v) whether the applicable accounting principles are observed; and

    (vi) whether the requirements of the Listing Rules and relevant laws on financial reporting are observed;

(5) For the purpose of item (4) above:

 (a) committee members shall communicate with the Board and senior management personnel of the Company. The committee shall hold at least two meetings each year with the international auditor of the Company, and shall meet the international auditor at least once each year without the presence of the management of the Company; and

 (b) the committee shall consider any significant or unusual matters reflected or required to be reflected in those financial reports and accounts, and shall properly consider any issues raised by the employees responsible for accounting and financial reporting of the Company, the compliance officer or the international auditor of the Company;

(6) to review the Company's financial control, internal control and risk management systems;

(7) to discuss with the management on the internal control system to ensure that the management has performed its duties to establish an effective internal control system, and the scope of discussion shall include whether the Group has adequate resources in accounting and financial reporting functions, whether the employees have adequate qualifications and experience, and whether the training courses provided to employees and the relevant budgets are adequate;

(8) to study any findings of major investigations relating to internal control and the response of the management to such findings;

(9) to ensure coordination between internal and external auditors and that the internal audit function has adequate resource to be operated and has appropriate standing within the Company, and to review and monitor its effectiveness;

(10) to examine the financial and accounting policies and practices of the Group;

(11) to examine the external auditors' letter to the management, any major queries raised by the auditors to the management in respect of accounting records, financial accounts or systems of control and the management's response;

(12) to ensure that the board of directors will respond to the matters raised in the external auditors' letter to the management in a timely manner;

(13) to review and monitor the independence and objectivity of the external auditor and the effectiveness of the audit process. The Audit Committee shall discuss with the auditor the nature and scope of the audit and relevant reporting obligations prior to commencement of the audit;

(14) to formulate and implement policies on the non-audit services provided by the external auditor;

(15) to examine the following arrangements set by the Company on concerns towards or reports against possible hidden misconduct of the Company's employees in respect of financial reporting, internal control or other aspects. The Audit Committee shall ensure that appropriate arrangements have been made to enable a fair and independent investigation of such matters and appropriate actions are to be taken;

(16) to act as the main coordinator between the Company and its external auditor and shall be responsible for overseeing the relation between them;

(17) to report to the Board any issues set out in these terms of reference;

(18) to review and examine the internal control system of the Company and conduct an audit on material connected transactions;

(19) to be responsible for corporate governance functions of the Company:

  (a) to formulate and review corporate governance policies and practices of the Company and make recommendations to the Board;

  (b) to review and oversee the trainings and continuing professional development of the Directors and senior management of the Company;

  (c) to review and oversee the Company's policies and practices on compliance of laws and regulatory policies and requirements;

  (d) to formulate, review and oversee the Code of Conduct and compliance manual for the employees and Directors of the Company (if any); and

  (e) to review the compliance by the Company of the Codeand the disclosure in the Corporate Governance Report;

(20) other issues or subjects authorized by the Board of the Company.

The details of the terms of reference of the Audit Committee are available for inspection on the website of the Stock Exchange and the Company.

During the Year, the Audit Committee had convened three meetings, all of which were chaired by the chairman of the committee. The record attendance of each member of the committee is set out below:

	Number of meetings	**Attendance**
Chen Jinrong *(Chairman)*	3	3
Choy Sze Chung Jojo	3	3
Ye Kai (resigned on 24 January 2014)	0	0
Xu Xiaoliang (appointed with effect from 24 January 2014)	3	0

Major work performed by the Audit Committee during the Year includes:

1. reviewed the Group's annual report and final results announcement for the year ended 31 December 2014;

2. reviewed the Group's interim report and interim results announcement for the six-month period ended 30 June 2014;

3. reviewed the recommendations on management put forward by auditor and responses from the Company's management in respect of the recommendations on management;

4. reviewed the accounting principles and practices adopted by the Group and other reporting matters;

5. ensured that the connected transactions of the Company complied with the principles of impartiality, fairness and openness, and the interests of minority shareholders were fully protected;

6. assisted the Board in making independent assessment of the effectiveness of the Group's financial reporting procedures and internal control system;

7. supervised internal audit work of the Company;

8. provided opinions on the significant matters of the Company or drew management's attention to relevant risks;

9. evaluated the performance of our PRC auditor and international auditor, considered and passed the resolution to re-appoint Shulun Pan Certified Public Accountants and Ernst & Young as our PRC auditor and international auditor, respectively for 2015; and

10. reviewed the internal control report provided by an intermediary of an independent third party, and for relevant corporate governance practices to be reinforced referred to therein, the Audit Committee has already noticed and made corresponding arrangements.

All matters considered during the Audit Committee meetings were duly recorded in accordance with related rules, and the records were filed upon review by all members of the Audit Committee with amendments. After each meeting, the chairman had submitted reports on the significant matters discussed to the Board.

(I) Directors' Responsibilities for the Financial Statements

The Directors acknowledge their responsibilities for the preparation of the financial statements for each financial year, which give a true and fair view of the state of financial affairs of the Group and of the results and cash flow for that year and in compliance with relevant laws and disclosure provisions of the Listing Rules.

In preparing the financial statements for the year ended 31 December 2014, the Directors have selected appropriate accounting policies and applied them consistently; made prudent and reasonable judgments and estimates; and have prepared the financial statements on a going concern basis. The Directors are responsible for keeping proper accounting records in order to make reasonable and accurate disclosure of the financial position of the Group at any time.

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

(J) Strategic Committee

The Company has established the Strategic Committee of the Board which is mainly responsible for conducting research and proposing recommendations on the strategies of long-term development and material investment decisions of the Company. For the year ended 31 December 2014, the Strategic Committee comprised three members, with Executive Director Mr. Lu Dongshang as the chairman. Other members included Executive Director Mr. Weng Zhanbin and Non-executive Director Mr. Liang Xinjun. The key duties and powers of the Strategic Committee include:

1. conducting research and proposing recommendations on the strategies of long-term development of the Company;

2. conducting research and proposing recommendations on the material investment financing projects which are subject to approval of the Board as required by the Articles of Association;

3. conducting research and proposing recommendations on the significant capital operations and asset operation projects which are subject to approval of the Board as required by the Articles of Association;

4. conducting research and proposing recommendations on other material matters that affect the Company's development;

5. examining the implementation of the above matters; and

6. other matters authorised by the Board.

During the Year, the Strategic Committee convened one meeting chaired by the chairman of the committee. The record of attendance of each member of the committee is set out below:

	Number of meeting	**Attendance**
Lu Dongshang *(Chairman)*	1	1
Weng Zhanbin	1	1
Liang Xinjun	1	1

Details of the terms of reference of the Strategic Committee are available on the website of the Company.

(K) Geological and Resources Management Committee

The Geological and Resources Management Committee is mainly responsible for the management of geological exploration and gold mineral resources, providing accurate storage basis to the Company, reviewing geological exploration plans, the usage condition of new storage and proved storage, enhancing the decision making ability, reducing operation risk of the enterprise and enhancing the corporate governance structure.

At the eleventh meeting of the fourth session of the Board held on 15 August 2014, the Board agreed Mr. Ye Tianzhu to resign from his position as an Independent Non-executive Director, the chairman of Geological and Resources Management Committee and a member of the Nomination and Remuneration Committee, with effect from 15 August 2014. The Board agreed to appoint Mr. Nie Fengjun as an independent Non-executive Director, and meanwhile to fill the vacancy of the chairman of Geological and Resources Management Committee and a member of the Nomination and Remuneration Committee for a term commencing from 15 August 2014 till the expiry of the current session of the Board.

For the year ended 31 December 2014, the fourth session of the Geological and Resources Management Committee under the Board was chaired by Mr. Nie Fengjun, an Independent Non-executive Director. Other members included Executive Director Mr. Weng Zhanbin and Independent Non-executive Director Mr. Xie Jiyuan. The key duties and powers of the Geological and Resources Management Committee include:

1. standardizing the Company's classification of gold mineral reserves, the scope of application of the reserves classification, the standards on preparation of geological exploration summary report and the procedural requirement in submitting the reserves report in accordance with relevant national requirements;

2. analyzing the situation of gold mine resources, and establishing long-term strategies and year plan of geological exploration and utilisation of reserves;

3. reviewing the Company's annual report of geological exploration, exploration activities and changes in reserves;

4. reviewing annual utilisation of reserves and the quantity of reserves, and reviewing new reserves of various mines;

5. reviewing and approving the Company's geological exploration plan and implementation scheme, proposal of usage and exploration of resources and annual reservation report; and

6. other matters authorised by the Board.

During the Year, the Geological and Resources Management Committee convened one meeting chaired by Mr. Ye Tianzhu, the prevailing chairman of the committee to discuss the amount of new geological reserves of the Company in 2013, and to propose recommendation on the exploration and reserve increase plan for 2014. The record of attendance of each member of the committee is set out below:

	Number of meeting	Attendance
Nie Fengjun *(Chairman)* (appointed with effect from 15 August 2014)	0	0
Weng Zhanbin	1	1
Xie Jiyuan	1	0
Ye Tianzhu (resigned on 15 August 2014)	1	1

Details of the terms of reference of the Geological and Resources Management Committee are available on the website of the Company.

(L) Safety and Environmental Protection Committee

The Safety and Environmental Protection Committee of the Board is mainly responsible for conducting research and proposing recommendations on material safety and environmental protection decisions of the Company. For the year ended 31 December 2014, the Safety and Environmental Protection Committee of the Fourth session of the Board was chaired by Mr. Li Xiuchen, with other members namely Independent Non-executive Director Mr. Xie Jiyuan, Non-executive Director Mr. Cong Jianmao*. The working system and terms of reference of the Safety and Environmental Protection Committee include:

1. conducting research on significant safety and environmental protection investment projects during the year;

2. setting annual safety and environmental protection objectives and goals;

3. formulating the long-term plan and annual plan of safety and environmental protection;

4. proposing safety and environmental protection requirements in accordance with the convention of international safety and environmental protection;

5. carrying out research and examination on the implementation of the above matters; and

6. other matters authorised by the Board.

* Mr. Cong Jianmao has been re-designated from Non-Executive Director to Executive Director of the Company with effect from 20 March 2015.

During the Year, the Safety and Environmental Protection Committee convened one meeting chaired by Mr. Li Xiuchen, the chairman of the committee. The committee reviewed and passed the Summary of Safety and Environmental Protection Work in 2014 and reviewed and passed the Plan on Safety and Environmental Protection Work in 2015.

The record of attendance of each member of the committee is set out below:

	Number of meeting	**Attendance**
Li Xiuchen *(Chairman)*	1	1
Cong Jianmao	1	1
Xie Jiyuan	1	1

Details of the terms of reference of the Safety and Environmental Protection Committee are available on the website of the Company.

Monitoring Mechanism

Supervisory Committee

The Supervisory Committee was established in accordance with the PRC laws. The Supervisory Committee consists of three members, one of whom is the chairman. The Supervisors have a term of three years, and are subject to and eligible for re-election upon expiry of their terms.

The fourth session of the Supervisory Committee was established by election at the extraordinary general meeting convened on 26 February 2013. The committee currently comprises Mr. Wang Xiaojie, Ms. Jin Ting and Mr. Chu Yushan. For the year ended 31 December 2014, members of the fourth session of the Supervisory Committee comprised Mr. Wang Xiaojie, Ms. Jin Ting and Mr. Chu Yushan, among whom Mr. Chu Yushan is an employee representative Supervisor and Mr. Wang Xiaojie is the chairman of the Supervisory Committee. The number of members and composition of the Supervisory Committee of the Company were in compliance with the laws and regulations.

The Supervisory Committee is granted with powers in accordance with the laws to perform the following duties independently: to examine the financial position of the Company, to monitor whether the Directors, President, Vice President and other senior management act in contravention to the Code of Conduct, laws and regulations, the Articles of Association and the resolutions of the general meetings, to demand rectification from the above officers when their acts are detrimental to the interests of the Company, to review the financial information such as the financial report, results report and plans for distribution of profits to be submitted by the Board to the general meetings and when it considers necessary, to authorise a re-examination by the auditors of the Company in the name of the Company, to propose the convening of an extraordinary general meeting and propose resolutions to shareholders' meetings, to represent the Company in negotiations with, or bringing an action against, Directors, and to perform other duties required by laws, regulations and rules imposed by domestic and overseas supervisory bodies at the place of listing.

The Supervisory Committee is accountable to the general meeting. Each year, the Supervisory Committee presents the Report of the Supervisory Committee and reports their performance of duties according to the laws in the annual general meetings. The Supervisory Committee also evaluates the performance and integrity of the Directors, President, Vice President and other senior management, and reviews the auditors' reports issued by the auditors in accordance with the generally accepted accounting principles.

During the Year, the fourth session of the Supervisory Committee convened one meeting. The attendance rate of the three Supervisors was 100%.

All Supervisors attended all the Board meetings and monitored on behalf of the shareholders the compliance with the laws and regulations in respect of financial activities of the Company, the performance of duties by Directors and senior management and, supervised the decision making procedures of the Board. The Supervisors had performed their statutory duties impartially.

Internal Control and Internal Audit

The Board acknowledges its responsibilities for the Group's internal control system and has established and maintained the Company's internal control system for reviewing the effectiveness of relevant financial, operating and supervisory control procedures to ensure that all internal control measures are in place to safeguard the Group's assets and to comply with relevant regulations and the best practices.

The Board authorises the management of the Company to implement the internal control system mentioned above, and the effectiveness of which is reviewed by the Audit Committee.

The internal control system includes a management framework with clearly defined duties for the purposes of:

1. assisting the Company in accomplishing various business objectives and ensuring that the Company's assets will not be appropriated or disposed of;

2. ensuring that the Company's accounting record provides reliable financial data for internal use or public disclosure; and

3. ensuring compliance with relevant legislations and requirements.

Aiming at more effective review of the effectiveness of the internal control system, the Company set up an internal audit department in April 2004 to review, monitor and assess the disclosure of financial information, operations and internal control activities of the Company and its associated companies on a regular basis and when necessary, based on potential risks and the importance of internal control systems for different businesses and workflows. This can ensure the transparency of information disclosure, operating efficiency and effectiveness of the corporate monitoring mechanism. The independent and objective evaluation and recommendation are also provided in the form of an audit report. The internal auditors are entitled to have access to all information of the Company and to make enquiries to relevant persons in performing their duties. The manager of the audit department directly reports the relevant outcomes and his/her opinions to the Audit Committee for consideration. After reviewing the reports, the Audit Committee makes its recommendation to the management of the Company and regularly reports to the Board.

The Company has been emphasizing internal control and has set up relevant internal management systems and procedures for corporate governance, operation, construction, finance, and administration and human resources. In December 2004, an internal control system was approved by the Board. It summarises and states the objectives, content, methods and duties of the internal control system. This will facilitate the Company's continuing review and assessment on compliance with the existing systems and the effectiveness of internal control.

During the Year, the Board made comprehensive review of the effectiveness of the internal control system of the Company, which included the Company's financial control, operation control, compliance control and risk management function, etc. To further promote effective internal control, the Board set up the following major procedures:

- The power and responsibility of the Company's organizational structure are clearly defined and have distinguishable monitoring levels. All department heads participate in formulating strategic plans and determining the Company's corporate strategies so formulated to achieve objectives set out in the annual operation plan and annual operational and financial targets in next three years. Both the strategic plan and annual operational plan are the basis of formulating annual budgets; the Company allocates resources depending on the definability and priority of business opportunities based on annual budgets. Other than the three-year plan which is approved by the Board and subject to annual review, the annual operational plan and annual budget should also be approved by the Board annually.

- The Company establishes a comprehensive management and accounting system to provide the management with an indicator to measure finance and operation performance, as well as relevant financial information that can be used for reporting and disclosure. The budget gap, if any, shall be analysed and explained, and appropriate actions shall be taken to remedy the problems found as necessary.

- The Company also has systems and procedures in place to identify, measure, deal with and control risks which include legal, credit, market, centralisation, operational, environmental, behaviour risks as well as others which may influence the development of the Company.

- The audit department will carry out independent review on identified risks and control system so as to provide reasonable guarantee to the management and the Audit Committee that the risks are satisfactorily handled and the control is fully effective.

During the Year, the Company continued to appoint an internal control and assessment advisor who is an independent third party to conduct detailed assessment about the internal control system for the Year. According to the assessment report from the internal control and assessment advisor, the Board had reviewed the internal control system of the Company and its subsidiaries and confirmed the effectiveness of this system, and the Audit Committee had not found material deficiencies on the internal control system.

Chief Financial Officer

Chief Financial Officer is in charge of the financial affairs of the Company and accountable to the President of the Company.

Chief Financial Officer is responsible for preparing financial statements in accordance with accounting principles generally accepted in the PRC and in Hong Kong, and complies with disclosure requirements as stipulated by the Stock Exchange. The Board takes the ultimate responsibility towards the financial statements prepared by him.

Chief Financial Officer is responsible for organizing and preparing the Company's annual budget plan and the final account proposal, as well as monitoring the implementation of the Company's annual financial and operating plans. In addition, the Chief Financial Officer shall assist the Board in the establishment of relevant internal control systems and make recommendations to the Board.

Relations with Shareholders, Investors and Other Concerned Parties

The Company is committed to ensuring that all shareholders, especially the minority shareholders, can enjoy equal status and fully exercise their own rights.

General Meeting

As the highest authority of the Company, the general meeting exercises its rights under the law to make decisions on significant matters of the Company. The Company establishes and maintains various communication channels by way of publication of annual reports, interim reports and information announcements. To promote effective communication, shareholders can choose to receive corporate communications via electronic means. The information mentioned above is also published on the website of the Company.

The annual general meeting or extraordinary general meeting (if any) serves as a direct communication channel between the Board and the shareholders. All Directors understand that general meetings provide an effective platform for ideas exchange between shareholders and Director and direct communication between Directors, Supervisors and other senior management and shareholders, and they shall report to shareholders with regard to the Group's operations, answer shareholders' queries and maintain effective communications with shareholders. Accordingly, the Company attaches much importance to general meetings. In addition to issue of notice of the meeting 45 days prior to the general meeting, the Company requires all Directors and senior management to employ their best endeavors to attend the general meetings. Also, all shareholders are encouraged to attend general meetings. At the general meetings, shareholders can make enquiries about the Company's operation status or financial information and shareholders are also welcome to express their views therein.

Details about the voting procedure and the shareholders' rights to request for voting by poll are set out in notices or circulars of the general meeting issued to the shareholders together with the annual reports. Voting results are not only announced at the meeting, but also available for inspection on the websites of the Company and the Stock Exchange.

Procedures for shareholders to propose a general meeting

1. Two or more shareholders jointly holding more than 10% (inclusive) of shares with voting rights at the general meeting to be convened may sign one or several written requests with the same format and content to propose to the board of directors to convene an extraordinary general meeting or class meeting, and specify the topics of the meeting. The board of directors shall convene an extraordinary or class meeting responsively after receipt of the aforesaid written request. The aforesaid amount of shareholding is calculated as on the day when the shareholders make the written request.

2. If the board of directors fails to issue a notice of meeting within 30 days after receipt of the aforesaid written request, the shareholders tendering the said request may convene a meeting by themselves within 4 months after the board of directors receives the said request, and the convening procedure shall, to the extent possible, be the same as the procedure by which the board of directors convenes general meetings.

Where the shareholders convene a general meeting because the board of directors fails to convene the meeting pursuant to the aforesaid request, the reasonable expenses incurred shall be borne by the Company and shall be deducted from the monies payable by the Company to the defaulting directors.

Procedures for shareholders to raise enquiries for the Board

Shareholders can raise enquiries for the Board during business hours of the Company.

Contact: address:	The Secretary Office of the Board, 299 Jinhui Road, Zhaoyuan City, Shandong Province, the PRC
TEL:	+86 535 8256086
Fax:	+86 535 8262256

Procedures for shareholders to make proposals at the general meeting

When the Company convenes a general meeting, shareholders holding more than 3% (inclusive) of the total voting shares of the Company shall have the right to submit proposals in writing to the Company, and the Company shall place the proposals on the agenda for the said annual general meeting if the said proposals fall within the functions and powers of general meetings.

Contact: address:	The Secretary Office of the Board, 299 Jinhui Road, Zhaoyuan City, Shandong Province, the PRC
TEL:	+86 535 8256086
Fax:	+86 535 8262256

In 2014, the Company convened one annual general meeting, one domestic shares class meeting, one H shares class meeting and one extraordinary general meeting.

Controlling Shareholder

At the end of 2014, 1,137,481,195 domestic shares and 16,510,000 H shares were held by Zhaojin Group, the controlling Shareholder of the Company, representing 38.91% of the total issued ordinary shares of the Company.

As the controlling Shareholder of the Company, Zhaojin Group has never overridden the general meeting to directly or indirectly intervene in the Company's decision-making and operation. The Company has always kept independent from the controlling Shareholder in terms of assets, finance, organization and business.

Company Secretary

Ms. Mok Ming Wai was appointed as Company Secretary. She is a director of KCS Hong Kong Limited. Mr. Wang Ligang, Secretary to the Board of the Company, is the main internal liaison between her and the Company. In compliance with Rule 3.29 of the Listing Rules, during the year ended 31 December 2014, Company Secretary Ms. Mok received not less than 15 hours of the relevant professional training.

Independence from Zhaojin Group

The Directors believe that the Company is independent of Zhaojin Group's business:

- **Management independence:** The Board of the Company has two Executive Directors who also held management positions in Zhaojin Group. However, this does not affect the management independence of the Company. The Independent Non-executive Directors have relatively great influence over the Board's decisions, and those related directors shall abstain from voting on any resolution regarding the interests of Zhaojin Group in board meetings. Therefore, the participation of Independent Non-executive Directors would be sufficient for managing the material conflicts of interests arising from the overlap of management.

  Apart from the above Directors, none of the Executive Directors or members of senior management of the Company (excluding the Supervisors of the Company) hold positions in Zhaojin Group concurrently.

- **Production and operation independence:** Since its incorporation, the Group has operated its business independently of Zhaojin Group, and has not shared its production teams, production facilities and equipments, or marketing, sales and general administration resources with Zhaojin Group or its associated companies, except as described in the section of "Connected Transactions" with respect to the provision of gold refinery and gold bullion trading services by Zhaojin Group, which were conducted on an arm's length basis and normal commercial terms. Zhaojin Group operates gold bullion trading agency business through its SGE membership and had approximately 300 customers in addition to the Company as at 31 December 2014 (as at 31 December 2013: approximately 310 customers).

  The refinery business owned by Zhaojin Group through its majority interest in Zhaojin Refinery provides gold refinery services to gold production enterprises and had approximately 170 customers in addition to the Company as at 31 December 2014 (31 December 2013: approximately 180 customers). Under the terms of the agreements with Zhaojin Group for these services, the Company may terminate the agreements at any time and the Company is not prohibited from engaging other service providers during the term of the agreements.

  In the Yantai region, there are more than eight other qualified refineries and more than seven other SGE members that the Company can readily engage on comparable terms as those the Company has agreed with Zhaojin Group to provide the Company with refinery or trading agency services, if necessary.

- **Independence of access to supplies and raw materials:** The Group's principal supplies and raw materials for production, namely, electricity and water, gold and silver concentrates, and auxiliary materials, are sourced from independent suppliers not related to Zhaojin Group.

- **Independence of access to customers:** The Group's customers mainly comprise purchasers of its standard gold bullion on the SGE. The anonymity and market-driven nature of SGE trades ensure that there is no customer independence issue. As far as the Directors are aware, the Group's other customers, being metallurgical enterprises that purchase silver and sulphur and other metals concentrates from it, are independent of Zhaojin Group.

- **Financial independence:** The Group has an independent financial department that is independent of and does not share functions or resources with Zhaojin Group. The Group's financial auditing is undertaken separately from that of Zhaojin Group by its own staff. The Group has separate bank accounts and tax registration. While the Group has, in the past, enjoyed the benefit of Shareholder loans from and/or bank loans guaranteed by Zhaojin Group, all the Shareholder loans have been repaid and most of such guarantees have been released. In their place, the Group has obtained bank financing at market rates from independent financial institutions and did not experience any difficulties in doing so. Given the Group's financial and cash flow position, the Directors believe that, if required, the Group is able to obtain further loans and credit facilities from financial institutions at market rates without material difficulty.

Non-Competition Agreement and Excluded Businesses

On 17 November 2006, the Company and Zhaojin Group entered into a Non-competition Agreement which set out arrangements to minimize the competitive impact on the Company of the investments of Zhaojin Group in gold related assets and businesses. The investments were as follows:

1. various exploration and mining permits with respect to gold mine resources in the Zhaoyuan district; and

2. a 45.1% interest in Zhongkuang Gold Industry Company Limited ("Zhongkuang Gold"), a 45.22% interest in Shandong Guoda Gold Co., Ltd. ("Shandong Guoda Gold"), a 51% interest in Xixia Zhaojin Mining Co., Ltd. ("Xixia Zhaojin"), a 90% interest in Zhaojin Beijiang and a 80% interest in Minxian Tianhao Gold Co., Ltd. ("Minxian Tianhao") (collectively referred to as the "Excluded Businesses").

Under the Non-competition Agreement, the Company also has an option and right of first refusal to acquire the interests in the Excluded Businesses. The option can be exercised at any time during the term of the Non-competition Agreement, which only expires when the Company ceases to be a listed company, or Zhaojin Group ceases to be its controlling Shareholder. Should the Company decide not to exercise such option, it has the right to require Zhaojin Group to dispose of its interests in the Excluded Businesses to independent third parties. In addition, under the terms of the Non-competition Agreement, Zhaojin Group has undertaken not to engage in further competitive activities, apart from the Excluded Businesses.

In 2007, Zhaojin Group had transferred all of its 45.1% equity interest in Zhongkuang Gold to an independent third party. The Non-competition Agreement made between the Company and Zhaojin Group on 17 November 2006 for the option to acquire the 45.1% equity interest in Zhongkuang Gold lapsed accordingly.

In 2007, the Company exercised that option with respect to the 51% interest in Xixia Zhaojin, the 90% interest in Zhaojin Beijiang and the 80% interest in Minxian Tianhao (for details, please refer to page 38 of the 2007 annual report).

In 2008, the Company exercised that option with respect to four exploration rights of Zhaojin Group (for details, please refer to "Acquisitions" on pages 38 to 39 of the 2008 annual report).

In 2011, Zhaoyuan Jintingling Mining Industry Company Limited, a wholly-owned subsidiary of the Company, acquired the Zaoyangshan Exploration Right and its ancillary assets at a consideration of RMB28,000,000 from Zhaoyuan Gold Smelting Company Limited, a wholly-owned subsidiary of Zhaojin Group by bidding at Yantai Joint Property Right Exchange Center (For details, please see the 2011 Annual Report, page 46).

In 2012, Zhaoyuan Gold Smelting Company Limited, a wholly-owned subsidiary of Zhaojin Group, successfully repurchased the 20% equity interests in Shandong Guoda Gold Co., Ltd. held by China Gold Development Group (HK) Limited, having its shareholding increased to 65.22% and making it the biggest controlling shareholder of Shandong Guoda Gold Co., Ltd.

During the Year, the Company has not exercised its option to acquire the 65.22% equity interest in Shandong Guoda Gold for the reasons set out below:

Shandong Guoda Gold is principally engaged in the business of gold smelting. It is not authorised to engage in gold exploration or mining operations. Zhaojin Group has confirmed that it is only a passive investor in Shandong Guoda Gold with no board representation therein, no specific right to appoint its own board representatives (except for its general right as a PRC Shareholder to vote for PRC director nominees), and no participation in the management of Shandong Guoda Gold, and that it will remain as a passive investor and does not participate in the daily management of Shandong Guoda Gold following the Company's listing.

Directors of the Company believe that the extent of competition from the business of Shandong Guoda Gold, if any, would not have a material impact on our business as a whole, for the following reasons:

1. Smelting is not the core business of the Company.

2. Although it has traditionally concentrated on gold smelting, Shandong Guoda Gold is in the process of changing its principle business from gold smelting to copper smelting.

3. The Company and Shandong Guoda Gold own and operate their respective gold smelting plants independent of each other, and the management of the Group is distinct from and remains independent of that of Shandong Guoda Gold. The Company's cyanidation and smelting plants have sufficient capacity to process all gold concentrates produced from its own mines, as well as concentrates from third parties as an ancillary business. There is no sharing of services or resources, including production technique and patent, between the Company and Shandong Guoda Gold. Therefore, the Company conducts its business independently of Shandong Guoda Gold.

During the Year, the Company did not exercise the option to acquire any exploration right owned by Zhaojin Group as stated in Appendix 2 to the Non-competition Agreement. The reasons are set out below:

The Company has conducted an analysis of the exploration rights owned by Zhongjin Group as stated in Appendix 2 to the Non-competition Agreement and is of the view that, since no thorough exploration work has been done before and the level of resources reserves is uncertain at the moment, acquisition of such exploration rights by the Company could have exposed itself to serious risks. To avoid such risks the Company has no present intention to acquire them and instead, the Company will exercise its option when Zhaojin Group has proven the level of resources reserves and if it meets our criteria.

Zhaojin Group also undertakes to transfer such exploration rights to the Company once the level of resources reserves is proven and if it meets the Company's criteria.

Reasons for not transferring Zhaojin Group's interest in the Excluded Businesses to the Company:

Our Directors believe that there is limited conflict between Zhaojin Group's interest in Shandong Guoda Gold's smelting business and Zhaojin Group's interests in the business of the Company, on the basis that (i) smelting is not the principle business of the Company, and (ii) the Company's smelting operations at Jinchiling Gold Mine have sufficiently satisfied its purposes. In addition, Zhaojin Group is only a passive investor in Shandong Guoda Gold with no board representation or management participation. Accordingly, the Directors of the Company do not consider it necessary for the Company to acquire Zhaojin Group's interest in Shandong Guoda Gold.

Corporate Governance Report

The Independent Non-executive Directors have reviewed if Zhaojin Group (the controlling Shareholder of the Company) has complied with its undertakings under the Non-competition Agreement in respect of its existing or future competing businesses. The Independent Non-executive Directors are of the view that none of the controlling Shareholder or Directors of the Company held any interests in any business, apart from the Group's business, which competes or is likely to compete, directly or indirectly with Group's business.

The Company has also received a statement under the Non-competition Agreement from Zhaojin Group dated 2 January 2015, which stated that Zhaojin Group, as the controlling Shareholder of the Company, has complied with its undertakings under the Non-competition Agreement dated 17 November 2006 for the year ended 31 December 2014.

Investor Relations

Investor relations management has long been the key importance to the Company. As the Company's window to the public, the Secretary Office of the Board has been actively maintained close contact with our regular customers. The Company is committed to disclosure corporate information truly, accurately, correctly and timely to its shareholders and public investors, and ensures that all shareholders shall have equal opportunities in accessing all kinds of the Company's information. This annual report had provided a lot of business information about the Company for the year ended 31 December 2014. The Chairman, President, Chief Financial Officer and Secretary of the Board and other senior management officers of the Company attended annual results press conference and non-trading roadshows in Hong Kong during the time when the annual results are to be published, who took the initiative to communicate with investors on the Company's development strategies, operating conditions, financial condition and significant events, and leave a rigorous and responsible impression to the public investors. In 2014, the Company received 15 investor visitors and provide detailed answers for their questions with patience in a timely manner. By inviting analysts and investors to visit the mines for on-site inspection, the Company introduced the development progress of Zhaojin Mining in all respects to the capital market and enabled investors to better understand the Company, which presented investors with a healthy, favourable and positive image of the Company. In addition to establishing good relationship with investors, the Secretary Office of the Board also maintained a sound relationship with media and received positive coverage from mainstream media.

The Company regards the annual general meeting as an important event as it provides an important opportunity for direct communication between the Board and the Company's shareholders in the presence of the Company's external auditors. All the Directors and senior management of the Company shall try their best to attend the meetings. External auditors present at the meeting are also obliged to answer shareholders' queries. All shareholders will be given at least 45 days' notice of the annual general meeting and are invited to attend the annual general meeting and other shareholders' meetings.

The Secretary to the Board/Company Secretary and designated personnel are responsible for information disclosure of the Company and reception of visits of shareholders and investors. Investor relations enquiry hotline and mailbox have been set up to respond to the questions raised by investors. The Company had formulated Information Disclosure Management System and the System for the Investors Relations Management to ensure information disclosure on an open, fair and impartial basis and to improve the Company's transparency.

Investors and the public are welcome to visit the "Investor Relations" section on the Company's website (www.zhaojin.com.cn) for the latest news and announcements. Information about the latest business development and news of the Company are also available to shareholders on the website.

Other Interested Parties

The Company has full respect for the interests of its employees, shareholders, the government and community. Firstly, we will strive to ensure the health and happiness of our employees and that they enjoy the salaries and labor benefits they deserve, so as to please our employees. Secondly, we will strive to ensure good return to our shareholders, so as to please our shareholders. Thirdly, we will strive to stimulate the local economy, so as to please the local government. Fourthly, we will strive to fulfill our social responsibility, promote the benefit of local residents, create a good and harmonious community environment, so as to please the community.

Continuous Enhancement of Corporate Governance

The Company has been striving to improve its corporate governance and composition of the Board, to study advanced model of corporate governance around the globe, and to promote enterprise development byenhancing the management level. Mr. Weng Zhanbin, the chairman of the Company, won the "CAPITAL Leader of Excellence 2014" jointly awarded by the CAPITAL, CAPITAL Weekly, CAPITAL CEO and CAPITAL Enterpreneur, all of which are authoritative financial magazines in Hong Kong. Before that, the Company was awarded "Best Listed Companies" and "Best Investment Value of Listed Companies" of China Securities Golden Bauhinia Award and included in the "Fortune" Top 500 Chinese enterprises, which endorsed the recognition from the market and the professionals. The awards that we won demonstrate the industry's acknowledgement of our tireless pursuit of good corporate governance. The Company will continue to proactively explore and perfect a new corporate governance model of listed companies with an aim to improve its corporate governance and for the sake of our Company's development. The Company will follow the corporate governance model developed by the world's leading corporations as what it has done previously so as to comply with the requirements of the regulatory authorities. The Company will regularly review and enhance its corporate governance procedures and their implementations to ensure the sustainable development of the Company.

Training for the Directors

As stipulated by the Listing Rules, the directors are required to acquaint their respective responsibilities. In order to provide better assistance to the directors for discharging their duties, the Company will, pursuant to the requirements of the regulators, actively arrange the directors to participate in various training programmes such as the business of a listed company and corporate governance. Moreover, the Company will provide the Directors with written information on specific policies and regulations issued by the regulators so as to enable them to comprehend relevant laws, regulations and policies instantly during the process of discharging their respective duties, thereby assisting the directors to better set the Company's production and business objectives. After the newly appointed directors assume the position, the Company will provide them written information which covers laws, regulations and other details related to the director's duties to enable them to clearly acquaint their duties as required by laws and regulations, and to discharge related duties accordingly. The directors will be invited to conduct on-site inspections on the Company's projects in response to the Company's development, and to make reasonable suggestions and comments to the Company based on their respective areas of expertise.

All the directors of the Company have been taking an active part in various trainings which were beneficial to the constant development of their professional capabilities, helpful in enhancing their expertise and know-how, and in their participation in the operation of the Board.

Details of the training attended by the Directors in 2014 are set out below:

Director	Position	Participation of Training Types	Training Types
Weng Zhanbin	Chairman	A,B,C,D	A. Training provided by regulators
Li Xiuchen	Director	A,B,C,D	B. Attending seminars/forums
Lu Dongshang	Director	A,B,C,D	C. Reading economic, financial and business articles, as well as articles and information related to the duties of a director and the Company
Liang Xinjun	Director	A,B,C,D	
Cong Jianmao	Director	C,D	
Xu Xiaoliang	Director	A,B,C,D	
Kong Fanhe	Director	A,B,C,D	D. Conducting on-site inspections on the Company's businesses
Chen Jinrong	Independent Director	A,B,C,D	
Choy Sze Chung Jojo	Independent Director	A,B,C,D	
Xie Jiyuan	Independent Director	B,C,D	
Nie Fengjun	Independent Director	B,C,D	
Ye Kai	Director	B,C	
Ye Tianzhu	Independent Director	B,C	

Corporate Social Responsibility

In addtion to maximizing its own economic benefits, as part of the society, an enterprise is essential to facilitate wealth accumulation of the whole society, advance social civilization and promote the sustainable development of the environment. As a resource-based group of enterprises, the Company has always aimed at building a mine with four distinctive features, namely "ecological and environmental protection, efficient development, safety and health, and satisfaction from staff, shareholders, the government and community". While focusing on resource conservation and community stability, we adhere to the environmental protection concept of "prioritizing environmental protection over gold/silver mining"; while developing mineral resources and creating social values, we adhere to the safety concept of "gold is precious but life is priceless" and the environmental protection concept of "prioritizing environmental protection over gold/silver mining", with an aim to educate employees on safety in their daily operations and to maximize their awareness on safety. Since its establishment, we have always borne our social responsibilities in mind while striving to achieve corporate development and improving economy of scales. We have adhered to embrace with our ultimate goals of benefiting the society through scientific developments, and committed to the mission of corporate citizenship and the performance of social responsibilities.

Supporting Community Development, Accelerating Local Economic Prosperity

In 2014, the Company and its associates are committed to make contributions to the society, with a mission of supporting local economic and social development, we proactively adhere to the concept of coordinating the development of "enterprise, employees and community", and to actively fulfill our social responsibilities with the target of building a mine with four distinctive features. The Company has been undergoing operations subject to laws and in full compliance with government policies by fulfilling its tax obligation and create job opportunities for the local labour market, which consequently contributed significantly to local fiscal reveneue. In 2014, the total annual taxes amounted to RMB712 million.

In 2014, high importance was attached to community construction with vigorous effort on the development of public welfare and education in the places where our projects located. The Company, together with the local government, regarded improving local people's living standard as a major task for community construction of the year and provided labor, equipment and special capital supports to further assist the target villages in terms of irrigation, road hardening, low-income family relief and financing for poor students, which significantly accelerated the development of the local communities. During the Year, the Company invested a total of RMB8,230,000 for supporting education development and community building, having turned the social responsibilities of "corporate citizen" into actions, and made an effort in making contributions to the society, which further consolidate the local community relations.

Corporate Social Responsibility

Practice of "Production Safety" and Environmental Protection

In 2014, the Company thoroughly implementated the directives of the nation and relevant departments in respect of the production safety, adhered to the production safety guideline of "safety first, precaution-oriented and integrated management", strictly followed the safety and environmental protection concept of "gold is precious but life is priceless" and "prioritizing environmental protection over gold/silver mining", and sticked to "red lines" awareness in safety production and environmental protection. Focused on enhancing the foundation for safety and environmental protection and reinforcing the on-site safety management, the Company further carried out a series of effective activities including the implementation of safety accountability, the construction of the safety culture, safety training for the whole staff, special solusions for particular safety problems, implemented the safety and environmental protection responsibilities at all levels and put great efforts on the on-site project management, through which, the casualities, fire, explosion, toxication and environmental pollution accients were eliminated throughout the year, embodying a favorable tendency in steady development of safety and environmental protection. During the reporting period, the Company increased the investment in safety production with total annual safety expenditure of over RMB100 million.

Maintaining ecological, green and sustainable development is the ultimate goal of the Company in the environmental protection management. In 2014, the Company strictly complied with including Environmental Protection Act and other laws and regulations, and enhanced the treatment of three wastes in its enterprises. For waste water treatment, all enterprises had set up the treatment stations for sanitary sewage and achieved wast water recycling and discharge standard. The Jinchiling Gold Mine invested over RMB2 million to reform the system for waste water contating cyanide and waste water from ore processing, which improved the treatment of sewage by means such as electrolyzation and biochemistry, and effectively decreased the COD and heavy metals contained in exterior drainage. In the aspect of waste gas treatment, the Company vigorously promoted the biological nano dust suppression technology which has been successfully applied to all of our enterprises in Zhaoyuan City while the application of such technology was under the test procedure in the enterprises outside Zhaoyuan City. The Company continued to improve the dust removing for coal boilers and ore processing, and all the boilers were equipped with desulphurizaton and dust removal device. In terms of waste slag treatment, all the mining enterprises adopted measures to dispose slags produced from the mines and wast-ore yards, harden the ground of stock dumps and set up the wind and dust nets according to the standards. On the other hand, smelting and chemical enterprises hardened the ground of raw materials and slags spoilbanks and set up the rain sheds. In the meantime, tree planting and greening projects were vigorously carried out in spring and summer. The enterprises under the leadership of the Company planted trees in factory and mining areas. Throughout the year, the Company planted a total of over 16,000 trees with the new greening area of over 7,000 m^2, with the aim to develop the mine into an eco-friendly area.

Protection of Investors' Interests and Standardization of the Company's Operation

The Company attached great importance to the return and protection of the interests of our investors. We paid impressive cash dividends every year, and maintained an annual cash dividend payout rate of 30% plus since listing and recorded a cumulative cash dividend payout of RMB2,911,784,826.30. The Company paid a total of cash dividend of RMB296,582,719.50 in 2014, with a cash dividend payout ratio of 40%.

The Company also cared seriously about protecting the interests of our creditors. We recorded a gearing ratio of 55.3% as of 31 December 2014. We relied on sales of gold and other metals to maintain an adequate cash flow, keeping up reliable solvency for our short-term, medium-and long-term debts. We maintained good relations with a large number of financial institutions, and received an AA+ rating from the credit agency in 2014. We rejected any credit default, with which we have successfully defend the Company's image while effectively safeguarding the interests of the creditors.

We also cared about the regulated management of information disclosure. We released a total of 61 announcements in 2014, with on-site meeting with 15 investors. We would actively participate in investor conferences so as to promote the performance of the Company and convey positive information on the development of the Company to the market. We conscientiously fulfilled the obligations of information disclosure in accordance with the listing rules of the Hong Kong Stock Exchange, effective protecting the regulated operation of the Company.

Awards to the Company in 2014

CAPITAL's "CAPITAL Leader of Excellence 2014"
Advanced Enterprise in National Gold Industry
Model Unit (Public Information) in National Gold Industry
Hope Project Outstanding Contribution Award (the 25th Anniversary)

Report of the Supervisory Committee

To the Shareholders,

During the Year, all members of the Supervisory Committee of the Company duly discharged their duties of supervision stipulated by various laws and regulations, which include the Company Law, the Listing Rules and the Articles of Association. They fully discharged the Supervisory Committee's monitoring function and attended all the Board meetings, general meetings and the major meetings of the Company in which decisions were made with due care and diligence. They strengthened the supervision on the level of compliance of the work of the Board and the operational decision of the management of operations, as well as the implementation by the Board of the resolutions approved by the general meetings. The Supervisors formed their opinions and recommendations through their inspection of the operation for the Company and of the implementation of the internal systems, as well as their efficient supervision over the fulfillment of duties by the Directors and the senior management. The Supervisors have reviewed and analyzed the Company's financial position and the annual report with due care.

Set out below are the independent opinions of the Supervisory Committee to the Shareholders:

1. Level of Working of the Supervisory Committee

The convention of meeting of the Supervisory Committee and the topics of meeting of the Supervisory Committee:

The 3rd Meeting of the Fourth Session of the Supervisory Committee on 21 March 2014

Reviewing and passing Board report, financial report, the proposal of profits allocation in 2013 and other resolutions, and reviewing the annual report of the Supervisory Committee 2013.

The 4th Meeting of the Fourth Session of the Supervisory Committee on 20 March 2015

Reviewing and passing Board report, financial report, the proposal of profits allocation in 2014 and other resolutions, and reviewing the annual report of the Supervisory Committee 2014.

2. Level of Compliance of the Company's Operations with Laws

During the Year, the Company operated in accordance with the requirements of the Company Law, the Listing Rules, the Articles of Association and other applicable laws and regulations. It has established and continuously improved the internal control systems. Its decision-making procedures are in compliance with laws. The Company strictly implemented the resolutions of the general meetings.

3. Performance of Duties by the Directors, General Manager and Other Senior Management

The Directors, General Manager and other senior management performed their duties to the Company diligently, prudently and faithfully and guaranteed the growth of performance and ensured the interests of shareholders through excellent corporate management level. It is not aware of any action of abusing powers, in breach of the laws and regulations of the PRC and the Articles of Association or of prejudicial to or against the interests of the Shareholders, the Company and its staff.

4. Report of the Board

The Supervisory Committee reviewed the Report of the Board intended to be submitted to the forthcoming Annual General Meeting for approval with due care. It is of the opinion that the report gives an objective and true picture of the works performed by the Company during the Year.

5. Financial Reporting

The Supervisory Committee reviewed the Company's financial systems and the audited annual financial statements with due care and diligence. In the opinion of the Supervisory Committee, the financial statements gives a true and fair view of the financial position, assets and operational affairs of the Company. It is not aware of any breach of laws, regulations or the financial systems of the Company.

6. Connected Transactions and Continuing Connected Transactions

The Supervisory Committee is of the view that, during the Year, the connected transactions and continuing connected transactions of the Company are normal and ordinary transactions, dealt in accordance with the principle of impartiality, fairness and reasonableness, are fair and reasonable as far as the Shareholders are concerned, are in the interests of the Company and the Shareholders as a whole, and do not prejudice the interests of the medium and minority shareholders of the Company.

7. The Independent Opinions of the Supervisory Committee Regarding the Acquisitions Made by the Company

During the Year, the acquisition of assets made by the Company were based on the principle of marketization. The decision making processes were carried out in accordance with laws and regulations, and no insider dealings or behaviours which damage the interests of shareholders were found.

8. Litigations

During the Year, the Company has not been involved in any material litigation or arbitration. As far as the Supervisors are aware, the Company does not have any material litigation or claim which are pending or threatened against the Company so as to materially and adversely affect the Company's operating results or financial conditions.

In 2015, the Supervisory Committee will continue to fully perform its supervisory function on the decision making, finance and the Directors and senior management of the Company. It will carry out its supervisory duties diligently and devote efforts to assist the Company to achieve its goals as well as to enhance the operational efficiency of the Company.

Wang Xiaojie
Chairman of the Supervisory Committee

20 March 2015

Independent Auditors' Report

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To the shareholders of Zhaojin Mining Industry Company Limited
(A joint stock company established in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Zhaojin Mining Industry Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 109 to 260, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with 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.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, 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.

Auditors' responsibility (Continued)

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 auditors' judgement, 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 auditors consider 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 Company and 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.

Ernst & Young
Certified Public Accountants

Hong Kong
20 March 2015

Consolidated Statement Of Profit Or Loss

Year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
REVENUE	5	**5,606,182**	6,344,124
Cost of sales		**(3,433,775)**	(4,103,629)
Gross profit		**2,172,407**	2,240,495
Other income and gains	5	**260,140**	156,771
Selling and distribution costs		**(119,709)**	(97,273)
Administrative expenses		**(907,491)**	(820,636)
Other expenses		**(233,750)**	(164,190)
Finance costs	6	**(514,406)**	(342,123)
Share of profits and losses of:			
— Associates		**6,597**	12,977
— A joint venture		**19,236**	7,536
PROFIT BEFORE TAX	7	**683,024**	993,557
Income tax expense	9	**(176,283)**	(226,157)
PROFIT FOR THE YEAR		**506,741**	767,400
Attributable to:			
Owners of the parent	10	**455,388**	734,085
Non-controlling interests		**51,353**	33,315
		506,741	767,400
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic and diluted			
— For profit for the year *(RMB)*		**0.15**	0.25

Details of the dividends payable and proposed for the year are disclosed in note 11 to the financial statements.

Consolidated Statement Of Comprehensive Income

Year ended 31 December 2014

	2014 *RMB'000*	2013 *RMB'000*
PROFIT FOR THE YEAR	**506,741**	767,400
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(28)**	(379)
Available-for-sale investments:		
Changes in fair value	**(2,382)**	—
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(2,410)**	(379)
Net other comprehensive income not being reclassified to profit or loss in subsequent periods	**—**	—
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(2,410)**	(379)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**504,331**	767,021
Attributable to:		
Owners of the parent	**452,978**	733,706
Non-controlling interests	**51,353**	33,315
	504,331	767,021

Consolidated Statement Of Financial Position

31 December 2014

	Notes	31 December 2014 RMB'000	31 December 2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**11,145,368**	9,475,509
Prepaid land lease payments	14	**326,733**	321,194
Goodwill	15	**932,792**	932,792
Other intangible assets	16	**4,368,355**	3,941,692
Investment in a joint venture	18	**135,300**	116,064
Investments in associates	19	**268,251**	273,154
Available-for-sale investments	20	**46,041**	26,586
Deferred tax assets	21	**345,535**	311,123
Loans receivable	22	**37,000**	825,000
Long-term deposits	23	**111,909**	90,729
Other long-term assets	24	**2,839,531**	2,120,989
Total non-current assets		**20,556,815**	18,434,832
CURRENT ASSETS			
Inventories	25	**3,172,280**	2,503,942
Trade and notes receivables	26	**102,569**	190,106
Prepayments, deposits and other receivables	27	**809,719**	973,901
Equity investments at fair value through profit or loss	28	**23,412**	34,351
Derivative financial instruments	32	**57,211**	—
Pledged deposits	29	**388,388**	164,500
Loans receivable	22	**35,000**	35,000
Cash and cash equivalents	29	**1,254,916**	1,035,825
Total current assets		**5,843,495**	4,937,625

Consolidated Statement Of Financial Position

31 December 2014

	Notes	**31 December 2014 RMB'000**	31 December 2013 RMB'000
CURRENT LIABILITIES			
Trade payables	30	**479,140**	648,338
Other payables and accruals	31	**1,541,203**	1,503,685
Financial liabilities at fair value through profit or loss	32	**3,827,336**	1,574,512
Interest-bearing bank and other borrowings	33	**4,716,034**	5,330,507
Tax payable		**146,988**	125,744
Provisions	36	**24,504**	20,431
Corporate bonds	34	**—**	1,494,375
Current portion of other long-term liabilities	37	**—**	25,000
Total current liabilities		**10,735,205**	10,722,592
NET CURRENT LIABILITIES		**(4,891,710)**	(5,784,967)
TOTAL ASSETS LESS CURRENT LIABILITIES		**15,665,105**	12,649,865
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	33	**2,173,987**	1,116,563
Corporate bonds	34	**2,690,309**	1,191,671
Deferred tax liabilities	21	**566,492**	596,443
Deferred income	35	**415,745**	335,534
Provisions	36	**68,608**	66,986
Other long-term liabilities	37	**—**	19,870
Total non-current liabilities		**5,915,141**	3,327,067
Net assets		**9,749,964**	9,322,798

	Notes	**31 December 2014** **RMB'000**	31 December 2013 RMB'000
EQUITY			
Equity attributable to owners of the parent			
Share capital: nominal value	38	**2,965,827**	2,965,827
Reserves	39	**5,552,941**	5,163,513
Proposed final dividend	11	**148,291**	296,583
		8,667,059	8,425,923
Non-controlling interests		**1,082,905**	896,875
Total equity		**9,749,964**	9,322,798

Weng Zhanbin
Director

Li Xiuchen
Director

Consolidated Statement Of Changes In Equity

Year ended 31 December 2014

	Attributable to owners of the parent								Non-controlling interests	Total equity
	Issued Total capital *RMB'000* *(note 38)*	Capital reserve *RMB'000* *(note 39)*	Special reserve-safety fund *RMB'000*	Statutory and distributable reserve *RMB'000* *(note 39)*	Exchange fluctuation reserve *RMB'000*	Retained profits *RMB'000*	Proposed final dividend *RMB'000*	Total *RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2013	2,965,827	1,209,435	13,185	615,805	(7,926)	2,895,891	711,799	8,404,016	843,609	9,247,625
Profit for the year	—	—	—	—	—	734,085	—	734,085	33,315	767,400
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	—	—	—	—	(379)	—	—	(379)	—	(379)
Total comprehensive income for the year	—	—	—	—	(379)	734,085	—	733,706	33,315	767,021
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	—	—	(76,133)	(76,133)
Acquisition of subsidiaries *(note 15)*	—	—	—	—	—	—	—	—	96,084	96,084
Transfer to reserves	—	—	4,937	110,520	—	(115,457)	—	—	—	—
Dividends										
— 2013 final proposed *(note 11)*	—	—	—	—	—	(296,583)	296,583	—	—	—
— 2012 final paid *(note 11)*	—	—	—	—	—	—	(711,799)	(711,799)	—	(711,799)
At 31 December 2013	2,965,827	1,209,435*	18,122*	726,325*	(8,305)*	3,217,936*	296,583	8,425,923	896,875	9,322,798

	Attributable to owners of the parent									
	Issued Total capital RMB'000 (note 38)	Capital reserve RMB'000 (note 39)	Special reserve-safety fund RMB'000	Statutory and distributable reserve RMB'000 (note 39)	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Proposed final dividend RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014	2,965,827	1,209,435	18,122	726,325	(8,305)	3,217,936	296,583	8,425,923	896,875	9,322,798
Profit for the year	—	—	—	—	—	455,388	—	455,388	51,353	506,741
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	—	—	—	—	(28)	—	—	(28)	—	(28)
Changes in fair value of available-for-sale investments, net of tax	—	(2,382)	—	—	—	—	—	(2,382)	—	(2,382)
Total comprehensive income for the year	—	(2,382)	—	—	(28)	455,388	—	452,978	51,353	504,331
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	—	—	(117,628)	(117,628)
Settlement of commitment of profit distribution to non-controlling shareholders	—	84,741	—	—	—	—	—	84,741	—	84,741
Disposal of subsidiaries	—	—	—	—	—	—	—	—	3,305	3,305
Acquisition of a subsidiary *(note 40)*	—	—	—	—	—	—	—	—	245,000	245,000
Capital contribution from non-controlling shareholders of a subsidiary	—	—	—	—	—	—	—	—	4,000	4,000
Transfer to reserves	—	—	1,193	73,596	—	(74,789)	—	—	—	—
Dividends										
— 2014 final proposed *(note 11)*	—	—	—	—	—	(148,291)	148,291	—	—	—
— 2013 final paid *(note 11)*	—	—	—	—	—	—	(296,583)	(296,583)	—	(296,583)
At 31 December 2014	2,965,827	1,291,794*	19,315*	799,921*	(8,333)*	3,450,244*	148,291	8,667,059	1,082,905	9,749,964

* These reserve accounts comprise the consolidated reserves of RMB5,552,941,000 (2013: RMB5,163,513,000) in the consolidated statement of financial position.

Consolidated Statement Of Cash Flows

Year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**683,024**	993,557
Adjustments for:			
Finance costs	6	**514,406**	342,123
Share of profits of associates		**(6,597)**	(12,977)
Share of profit of a joint venture		**(19,236)**	(7,536)
Bank interest income	5	**(24,139)**	(16,043)
Net loss on disposal of items of property, plant and equipment		**10,791**	3,529
Losses on disposal of subsidiaries	7	**2,454**	—
Fair value losses, net:			
— Equity investments at fair value through profit or loss	7	**8,367**	17,306
— Commodity derivative contracts	7	**650**	11,132
Gain on gold leasing business, net:			
— Losses/(gain) on return of gold for gold leasing business and settlement of gold forward contracts	7	**152,003**	(2,626)
— Fair value gain on gold leasing business and gold forward contracts	7	**(153,689)**	(17,442)
(Gain) /losses on disposal of equity investments at fair value through profit or loss	7	**(9,373)**	2,276
Gain on settlement of commodity derivative contracts		**(46,090)**	—
Depreciation of property, plant and equipment	7	**563,614**	495,020
Amortisation of mining rights and reserves	7	**111,189**	105,364
Amortisation of prepaid land lease payments	7	**16,415**	16,550
Write-off of other intangible assets	7	**600**	11,842
Reversal of impairment loss of receivables	7	**(3,123)**	(7,599)
Impairment losses of inventories	7	**75,297**	62,246
Impairment losses of other intangible assets	7	**49,168**	—
Deferred income recognised	5, 35	**(39,840)**	(44,715)
		1,885,891	1,952,007

	Notes	2014 RMB'000	2013 RMB'000
Increase in inventories		**(746,611)**	(545,148)
Decrease/(increase) in trade and notes receivables		**92,330**	(53,494)
Decrease/(increase) in prepayments and other receivables		**230,821**	(172,374)
Increase in pledged deposits		**(10,856)**	(48,000)
(Decrease)/increase in trade payables		**(162,451)**	236,314
Increase in other payables and accruals		**2,882**	59,812
Increase/(decrease) in provisions		**5,695**	(3,309)
CASH GENERATED FROM OPERATIONS		**1,297,701**	1,425,808
Income taxes paid		**(229,416)**	(551,301)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**1,068,285**	874,507
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	5	**24,139**	16,043
Dividend received from an associate		**11,501**	8,995
Purchases of items of property, plant and equipment		**(2,075,453)**	(2,300,128)
Proceeds from disposal of items of property, plant and equipment		**29,178**	8,402
Increase in land lease payments		**(21,954)**	(78,604)
Receipt of government grants		**120,051**	115,114
Increase in other intangible assets		**(80,169)**	(251,138)
Acquisition of a subsidiary	40	**(60,542)**	(182,557)
Acquisition of an associate		**—**	(183,659)
Proceeds from disposal of subsidiaries	41	**45,722**	—
Acquisition of available-for-sale investment		**(2,500)**	—
Advance paid for acquisition of subsidiaries		**(1,094,600)**	(768,000)
Proceeds from settlement of commodity derivative contracts		**45,753**	—
Deposits paid for commodity derivative contracts		**(5,212)**	—
Net proceeds from disposal and acquisition of equity investments at fair value through profit or loss		**11,945**	(21,524)
Decrease in the loans receivable		**800,000**	—
Increase in the loans receivable		**(12,000)**	(805,000)

Consolidated Statement Of Cash Flows

Year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(2,264,141)**	(4,442,056)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings		**6,929,408**	10,301,685
Repayment of bank and other borrowings		**(6,482,812)**	(7,131,543)
Receipts from gold leasing business		**3,410,648**	1,614,348
Deposits paid for gold forward contracts in relation to gold leasing business		**(129,318)**	(166,815)
Repayments of gold leasing business		**(1,046,916)**	(30,900)
Dividends paid		**(419,789)**	(807,140)
Increase in pledged deposits for short-term bank borrowings		**(113,032)**	(116,500)
Receipt from a third party for financing activities		**—**	83,895
Repayment to a third party for financing activities		**(97,680)**	—
Interest paid		**(635,562)**	(492,740)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**1,414,947**	3,254,290
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**219,091**	(313,259)
Cash and cash equivalents at beginning of year		**1,035,825**	1,349,084
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,254,916**	1,035,825
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	29	**1,254,416**	1,035,325
Non-pledged time deposits with original maturity of less than three months when acquired	29	**500**	500
Cash and cash equivalents as stated in the consolidated statement of cash flows		**1,254,916**	1,035,825

Statement Of Financial Position

31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**4,145,902**	3,483,433
Prepaid land lease payments	14	**115,130**	120,794
Goodwill	15	**84,333**	84,333
Other intangible assets	16	**1,146,647**	1,189,774
Investments in subsidiaries	17	**4,827,451**	4,661,569
Investment in a joint venture	18	**100,000**	100,000
Investment in an associate	19	**34,650**	34,650
Available-for-sale investments	20	**3,725**	—
Deferred tax assets	21	**173,857**	83,461
Loans receivable	22	**3,803,170**	3,187,437
Long-term deposits	23	**61,039**	46,949
Other long-term assets	24	**1,223,436**	250,867
Total non-current assets		**15,719,340**	13,243,267
CURRENT ASSETS			
Inventories	25	**1,783,158**	1,370,373
Trade and notes receivables	26	**33,471**	92,585
Prepayments, deposits and other receivables	27	**1,833,626**	1,851,312
Equity investments at fair value through profit or loss	28	**9,306**	26,433
Derivative financial instruments	32	**51,981**	—
Pledged deposits	29	**329,532**	116,500
Loans receivable	22	**2,057,864**	2,731,630
Cash and cash equivalents	29	**578,748**	393,409
Total current assets		**6,677,686**	6,582,242

Statement Of Financial Position

31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
CURRENT LIABILITIES			
Trade payables	30	**252,788**	532,974
Other payables and accruals	31	**767,386**	509,686
Financial liabilities at fair value through profit or loss	32	**3,284,131**	1,563,380
Interest-bearing bank and other borrowings	33	**3,992,939**	4,745,273
Tax payable		**124,066**	69,416
Provisions	36	**17,608**	16,480
Corporate bonds	34	**—**	1,494,375
Total current liabilities		**8,438,918**	8,931,584
NET CURRENT LIABILITIES		**(1,761,232)**	(2,349,342)
TOTAL ASSETS LESS CURRENT LIABILITIES		**13,958,108**	10,893,925
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	33	**1,931,897**	1,004,249
Corporate bonds	34	**2,690,309**	1,191,671
Deferred tax liabilities	21	**192,086**	82,865
Deferred income	35	**282,677**	228,518
Provisions	36	**50,667**	49,026
Total non-current liabilities		**5,147,636**	2,556,329
Net assets		**8,810,472**	8,337,596
EQUITY			
Share capital: nominal value	38	**2,965,827**	2,965,827
Reserves	39	**5,696,354**	5,075,186
Proposed final dividend	11	**148,291**	296,583
Total equity		**8,810,472**	8,337,596

Weng Zhanbin
Director

Li Xiuchen
Director

1. CORPORATE INFORMATION

The Company was established as a joint stock limited liability company under the Company Law of the People's Republic of China (the "PRC") on 16 April 2004. It is principally engaged in the businesses of the mining, processing, smelting of gold and the sale of gold, silver and copper products.

In December 2006, the Company issued 198.7 million H shares to the public at a price of HK$12.68 per share (equivalent to approximately RMB12.74 per share) and the H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK") (the "IPO"). In addition, 19.8 million H shares converted from certain domestic shares were transferred to the National Council for the Social Security Fund.

During the year, the Company and its subsidiaries were principally engaged in the exploration, mining, processing, smelting of gold, the sale of gold products and the mining and processing of copper and the sale of copper products in Mainland China. In addition, the Company processed and sold silver in Mainland China. The registered office of the Company is located at 299 Jinhui Road, Zhaoyuan, Shandong, China.

As of 31 December 2014, Shandong Zhaojin Group Company Limited ("Zhaojin Group"), a state-owned enterprise established in the PRC, and its subsidiary held totally 38.91% of the issued share capital of the Company. Shanghai Yuyuan Tourist Mart Co., Ltd and its subsidiary held totally 25.73% of the issued share capital of the Company, the remaining issued share capital of the Company was held by H shareholders, Zhanyuan City State-owned Assets Management Limited and Shanghai Fosun Industrial Investment Co., Ltd.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention, except for certain equity investments and derivative financial instruments, which have been measured at fair value. These financial statements are presented in Renminbi ("RMB"), with values rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. 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.

The Group reassesses 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 described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and a new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC) — Int 21	*Levies*
Amendment to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in Annual *Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in Annual *Improvements 2011-2013 Cycle*	*Meaning of Effective HKFRSs*

1 Effective from 1 July 2014

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

Other than explained below regarding the impact of amendments to HKAS 32, HK (IFRIC) — Int 21, HKFRS 3 and HKFRS 13, the adoption of the above revised standards and interpretation has had no significant financial effect on these financial statements.

(a) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement. The amendment has had no impact on the Group.

(b) HK(IFRIC) — Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC) — Int 21. The amendment has had no impact on the Group.

(c) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

(d) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

2.3 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

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

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods 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 January 2018
5 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes.

2.3 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED (Continued)

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

2.3 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED (Continued)

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 January 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in note 2.2, the Group expects to adopt the amendments from 1 January 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

HKFRS 8 Operating Segments: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.

Investments in associates and a joint venture

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and a joint venture (Continued)

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The results of associates and joint ventures are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in associates and joint ventures are treated as non-current assets and are stated at cost less any impairment losses.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its derivative financial instruments and equity investments at fair value at the end of each reporting period. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets, goodwill and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (Continued)

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depending on the nature of the item of property, plant and equipment, depreciation is calculated on the straight-line basis to write off the cost of each asset to its residual value over its estimated useful life or it is calculated using the Units of Production ("UOP") basis to write off the cost of the asset proportionately to the extraction of the proven and probable mineral reserves.

The estimated useful lives of property, plant and equipment are as follows:

Buildings	**Mine life for mine specific, 10 to 30 years for non-mine specific**
Plant and machinery	10 years
Office equipment	5 years
Motor vehicles	6 years

Included in property, plant and equipment is mining infrastructure located at the mining sites. Depreciation is provided to write off the cost of the mining infrastructure using the UOP method based on the proven and probable mineral reserves.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents property, plant and equipment under construction and pending installation including mining infrastructure. Construction in progress is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (other than goodwill) (Continued)

Exploration rights and assets

Exploration rights and assets are stated at cost less impairment losses. Exploration rights and assets include the cost of acquiring exploration rights, topographical and geological surveys, exploratory drilling, sampling and trenching and activities in relation to commercial and technical feasibility studies, and amortisation and depreciation charges in respect of assets consumed during the exploration activities.

Exploration and evaluation costs include expenditure incurred to secure further mineralisation in existing ore bodies as well as in new areas of interest. Expenditure incurred prior to accruing legal rights to explore an area is written off as incurred.

When it can be reasonably ascertained that an exploration property is capable of commercial production, exploration and evaluation costs capitalised are transferred to either mining infrastructure or mining rights and reserves and depreciated/amortised by the UOP method based on the proven and probable mineral reserves. Costs incurred for exploration which can be directly attributable to the development of mining infrastructure are transferred to mining infrastructure when the exploration reaches the stage of commercial production. All other costs will be transferred to mining rights and reserves. Exploration rights and assets are written off to profit or loss if the exploration property is abandoned.

Mining rights and reserves

Mining rights and reserves are stated at cost less accumulated amortisation and any impairment losses. Mining rights and reserves include the cost of acquiring mining licences and exploration and evaluation costs transferred from exploration rights and assets upon determination that an exploration property is capable of commercial production, and the cost of acquiring interests in the mining reserves of existing mining properties. The mining rights and reserves are amortised over the estimated useful lives of the mines, in accordance with the production plans of the entities concerned and the proven and probable mineral reserves of the mines using the UOP method. Mining rights and reserves are written off to profit or loss if the mining property is abandoned.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the shorter of the lease terms and the mine lives.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Subsequent measurement (Continued)

The subsequent measurement of financial assets depends on their classification as follows:

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

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss — is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, financial liabilities at fair value through profit or loss, corporate bonds, interest-bearing bank and other borrowings and other long-term liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

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

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

The Group uses derivative financial instruments, mainly include commodity derivative contracts (standardised copper cathode future contracts on the Shanghai Futures Exchange ("SHFE")) to hedge its price fluctuation risk and gold forward contracts on the SHFE and the Shanghai Gold Exchange ("SGE") in accordance with the quantity, specification and repayments terms of gold to be returned to banks in the future to hedge certain risks arising from gold price fluctuation from the gold leasing business. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss.

None of the Group's derivative financial instruments is qualified as hedge accounting.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Costs of by-products arising during the course of production are allocated based on a share of production costs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Provisions for the Group's obligations for land reclamation are based on estimates of required expenditure at the mines in accordance with the PRC rules and regulations. The Group estimates its liabilities for final reclamation and mine closure based upon detailed calculations of the amount and timing of the future cash expenditure to perform the required work. Spending estimates are 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 amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. The Group records a corresponding asset in the period in which the liability is incurred. The asset is depreciated using the UOP method over its expected life and the liability is accreted to the projected expenditure date. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in the timing of the performance of reclamation activities), the revisions to the obligation and the asset are recognised at the appropriate discount rate.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions (Continued)

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general guidance for provisions above; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

(a) when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and a joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

(a) when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(b) in respect of deductible temporary differences associated with investments in subsidiaries, associates and a joint venture, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) processing income, when the relevant services have been rendered;

(c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(d) dividend income, when the shareholders' right to receive payment has been established.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee benefits

Pension obligations

The Group contributes on a monthly basis to various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred.

Early retirement benefits

Termination benefits are payable whenever an employee's employment is terminated involuntarily before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for the benefits. The Group recognises the liability for termination benefits when it is demonstrably committed to terminating the employment of current employees or to providing termination benefits as a result of an offer made to encourage voluntary redundancy according to a detailed formal plan without the possibility of withdrawal.

Medical benefit costs

The Group participates in government-organised defined contribution medical benefit plans, under which it pays contributions to the plans at a fixed percentage of wages and salaries of the existing full-time employees in Mainland China and has no further legal or constructive obligations to pay additional contributions. The contributions are charged as an expense to the statement of profit or loss as incurred.

Housing fund

The Group contributes on a monthly basis to defined contribution housing fund plans organised by the PRC government. Contributions to these plans by the Group are expensed as incurred.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when 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 capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate ranging between 4.21% and 6.60% has been applied to the expenditure on the individual assets.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of foreign operations, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

(a) Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets at 31 December 2014 was approximately RMB345,535,000 (2013: RMB311,123,000). Further details are contained in note 21 to the financial statements.

(b) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2014 was RMB932,792,000 (2013: RMB932,792,000). Further details are contained in note 15 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

(c) Impairment of mining and exploration assets and property, plant and equipment

The carrying values of mining and exploration assets and property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable in accordance with the accounting policy as disclosed in note 2.4 to the financial statements. The recoverable amount of these assets, or where appropriate, the cash-generating unit to which they belong, is the higher of their fair value less costs to sell and value in use. Estimating the value in use requires the Group to estimate the expected future cash flows from the cash-generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows. The aggregate carrying value of mining and exploration assets and property, plant and equipment at 31 December 2014 was RMB15,513,723,000 (2013: RMB13,417,201,000).

(d) Provisions

Provisions are based on estimates of future payments made by management and are discounted at rates in the range of 5.6% to 6.2% (2013: 6.0% to 6.6%). Changes in assumptions could significantly affect these estimates. The aggregate carrying value of provisions at 31 December 2014 was RMB93,112,000 (2013: RMB87,417,000). Further details are contained in note 36 to the financial statements.

(e) Mine reserves

Engineering estimates of the Group's mine reserves are inherently imprecise and represent only approximate amounts because of the significant judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated mine reserves can be designated as "proved" and "probable". Proved and probable mine reserve estimates are updated at regular intervals taking into account recent production and technical information about each mine. In addition, as prices and cost levels change from year to year, the estimate of proved and probable mine reserves also changes. This change is considered a change in estimates for accounting purposes and is reflected on a prospective basis at related depreciation rates.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

(f) Impairment of available-for-sale financial assets

The Group classifies certain assets as available for sale and recognises movements of their fair values in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised in the statement of profit or loss. At 31 December 2014, no impairment loss has been recognised for available-for-sale assets (2013: Nil). The carrying amount of available-for-sale assets was RMB46,041,000 (2013: RMB26,586,000).

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the gold operations segment consists of gold mining and smelting operations;

(b) the copper operations segment consists of copper mining and smelting operations; and

(c) the "others" segment comprises, principally, the Group's other investment activities.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, as well as corporate expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents, deferred tax assets, derivative financial instruments for gold forward contracts, pledged deposits and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, corporate bonds, financial liabilities at fair value through profit or loss — gold leasing business and gold forward contracts, deferred tax liabilities and other unallocated corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. OPERATING SEGMENT INFORMATION (Continued)

The Group's operation by business segment is as follows:

Year ended 31 December 2014

	Gold operations *RMB'000*	Copper operations *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue				
Revenues from external customers	4,848,114	728,402	29,666	5,606,182
Segment results	952,815	245,813	(25,337)	1,173,291
Reconciliation:				
Interest income				24,139
Finance costs				(514,406)
Profit before tax				683,024
Segment assets	20,824,427	3,143,861	385,972	24,354,260
Reconciliation:				
Corporate and other unallocated assets				2,046,050
Total assets				26,400,310
Segment liabilities	2,432,534	239,365	15,734	2,687,633
Reconciliation:				
Corporate and other unallocated liabilities				13,962,713
Total liabilities				16,650,346

4. OPERATING SEGMENT INFORMATION (Continued)

The Group's operation by business segment is as follows: (Continued)

Year ended 31 December 2014 (Continued)

	Gold operations *RMB'000*	Copper operations *RMB'000*	Others *RMB'000*	Total *RMB'000*
Other segment information				
Capital expenditure*	2,492,367	422,704	104,611	3,019,682
Investments in associates	268,251	—	—	268,251
Investment in a joint venture	—	135,300	—	135,300
Reversal of provision for receivables	(3,156)	(72)	105	(3,123)
Impairment losses recognised in the statement of profit or loss	124,465	—	—	124,465
Share of profits of				
— Associates	6,597	—	—	6,597
— A joint venture	—	19,236	—	19,236
Depreciation and amortisation	626,977	52,879	11,362	691,218
Write-off of other intangible assets	600	—	—	600
Fair value loss on equity investments at fair value through profit or loss	(1,764)	—	10,131	8,367
Fair value loss on commodity derivate contracts	650	—	—	650

* Capital expenditure consists of additions to property, plant and equipment, goodwill, other intangible assets and prepaid land lease payments, including assets from the acquisition of a subsidiary.

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2013

	Gold operations RMB'000	Copper operations RMB'000	Others RMB'000	Total RMB'000
Segment revenue				
Revenues from external customers	5,483,902	836,252	23,970	6,344,124
Segment results	1,098,630	256,824	(35,817)	1,319,637
Reconciliation:				
Interest income				16,043
Finance costs				(342,123)
Profit before tax				993,557
Segment assets	19,040,690	2,705,394	279,425	22,025,509
Reconciliation:				
Corporate and other unallocated assets				1,346,948
Total assets				23,372,457
Segment liabilities	2,401,033	229,088	126,599	2,756,720
Reconciliation:				
Corporate and other unallocated liabilities				11,292,939
Total liabilities				14,049,659

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2013 (Continued)

	Gold operations *RMB'000*	Copper operations *RMB'000*	Others *RMB'000*	Total *RMB'000*
Other segment information				
Capital expenditure*	2,790,470	473,823	33,054	3,297,347
Investments in associates	273,154	—	—	273,154
Investment in a joint venture	—	116,064	—	116,064
Impairment losses recognised in the statement of profit or loss	53,471	1,176	—	54,647
Share of profits and losses of				
— Associates	12,977	—	—	12,977
— A joint venture	—	7,536	—	7,536
Depreciation and amortisation	559,208	55,492	2,234	616,934
Write-off of other intangible assets	11,842	—	—	11,842
Fair value loss on equity investments at fair value through profit or loss	—	—	17,306	17,306
Fair value loss on commodity derivate contracts	10,795	337	—	11,132
Loss on disposal of equity investments at fair value through profit or loss	—	—	2,276	2,276

* Capital expenditure consists of additions to property, plant and equipment, goodwill, other intangible assets and prepaid land lease payments, including assets from the acquisition of subsidiaries.

Geographical information

As over 99% of the assets of the Group are located in Mainland China and over 99% of the sales are made to the Mainland China customers, no further geographical information has been presented.

Information about a major customer

Revenue of approximate RMB4,086,738,000 (72% of the total sales) (2013: RMB4,530,497,000, 71% of the total sales) was derived from sales by the gold operations segment to a single customer.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts and net of various types of government surcharges where applicable, and the value of services rendered.

An analysis of revenue, other income and gains is as follows:

	2014	2013
	RMB'000	*RMB'000*
Revenue		
Sale of goods:		
Gold	**4,609,924**	5,148,596
Copper	**687,930**	798,600
Silver	**142,072**	210,241
Sulphur	**69,937**	57,476
Other by-products	**89,186**	158,210
Rendering of services:		
Processing of gold and silver	**69,685**	33,032
Others	**31,478**	23,970
	5,700,212	6,430,125
Less:		
Government surcharges	**(94,030)**	(86,001)
Revenue	**5,606,182**	6,344,124

5. REVENUE, OTHER INCOME AND GAINS (Continued)

	2014 RMB'000	2013 RMB'000
Other income and gains		
Government grants	**39,840**	44,715
Sales of auxiliary materials	**74,600**	57,202
Interest income	**24,139**	16,043
Gain on settlement of commodity derivative contracts	**46,090**	—
Gain on gold leasing business, net:	**1,686**	20,068
— (Losses)/gain on return of gold for gold leasing business and settlement of gold forward contracts	**(152,003)**	2,626
— Fair value gain on gold leasing business and gold forward contracts	**153,689**	17,442
Others	**73,785**	18,743
Other income and gains	**260,140**	156,771

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2014 RMB'000	2013 RMB'000
Interest on bank and other borrowings		
— wholly repayable within five years	**327,907**	241,327
— repayable over five years	**150**	199
Interest on short-term bonds	**52,700**	51,861
Interest on corporate bonds	**139,422**	138,317
Interest on gold leasing business	**107,134**	21,443
Subtotal	**627,313**	453,147
Less: Interest capitalised	**(117,649)**	(117,040)
Incremental interest on provisions	**4,742**	6,016
Total	**514,406**	342,123

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting) the following:

	2014 RMB'000	2013 RMB'000
Cost of inventories sold and services provided	3,433,775	4,103,629
Staff costs:		
Wages and salaries (excluding directors' remuneration set out in note 8)	523,898	666,335
Early retirement benefits	28,197	19,736
Defined contribution fund:		
— Retirement costs	108,455	101,502
— Other staff benefits	79,587	96,986
Total staff costs	740,137	884,559
Auditors' remuneration	2,700	2,760
Amortisation of prepaid land lease payments*	16,415	16,550
Amortisation of mining rights and reserves*	111,189	105,364
Depreciation	563,614	495,020
Net loss on disposal of items of property, plant and equipment	10,791	3,529
Operating land lease rentals	17,302	10,798
Reversal of impairment loss of receivables	(3,123)	(7,599)
Impairment loss of inventories	75,297	62,246
Write-off of other intangible assets	600	11,842
Impairment loss of other intangible assets	49,168	—
Fair value losses, net:		
— Equity investments at fair value through profit or loss	8,367	17,306
— Commodity derivative contracts	650	11,132
Gain on settlement of commodity derivative contracts	46,090	—
Gain on gold leasing business, net:	(1,686)	(20,068)
— Loss/(gain) on return of gold for gold leasing business and settlement of gold forward contracts	152,003	(2,626)
— Fair value gain on gold leasing business and gold forward contracts	(153,689)	(17,442)
(Gain) /loss on disposal of equity investments at fair value through profit or loss	(9,373)	2,276
Losses on disposal of subsidiaries	2,454	—

* The amortisation of prepaid land lease payments and mining rights and reserves for the year is included in "Cost of sales" in the consolidated statement of profit or loss.

8. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and supervisors' remuneration for the year, disclosed pursuant to the Listing Rules and section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	2014 RMB'000	2013 RMB'000
Fees:		
— Non-executive directors	—	—
— Independent non-executive directors	640	640
— Supervisors	—	—
	640	640
Salaries, allowances and benefits in kind	809	583
Performance related bonuses	1,660	3,047
Pension scheme contributions	104	106
	2,573	3,736
	3,213	4,376

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (Continued)

(a) (i) Executive directors, non-executive directors (excluding independent non-executive directors) and supervisors

For the year ended 31 December 2014

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
— Weng Zhan Bin	—	284	554	44	882
— Li Xiu Chen	—	234	537	49	820
— Lu Dong Shang	—	170	569	11	750
	—	688	1,660	104	2,452
Non-executive directors:					
— Liang Xin Jun	—	—	—	—	—
— Cong Jian Mao*	—	—	—	—	—
— Xu Xiao Liang (appointed on 24 January 2014)	—	—	—	—	—
— Kong Fan He	—	—	—	—	—
	—	—	—	—	—
Supervisors:					
— Jin Ting	—	—	—	—	—
— Wang Xiao Jie	—	—	—	—	—
— Chu Yu Shan	—	121	—	—	121
	—	121	—	—	121
	—	809	1,660	104	2,573

* Mr. Cong Jianmao has been re-designated from Non-Executive Director to Executive Director of the Company with effect from 20 March 2015.

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (Continued)

(a) (i) Executive directors, non-executive directors (excluding independent non-executive directors) and supervisors (Continued)

For the year ended 31 December 2013

	Fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Performance related bonuses *RMB'000*	Pension scheme contributions *RMB'000*	Total remuneration *RMB'000*
Executive directors:					
— Weng Zhan Bin	—	165	1,012	35	1,212
— Li Xiu Chen	—	145	1,015	36	1,196
— Lu Dong Shang	—	188	1,019	—	1,207
	—	498	3,046	71	3,615
Non-executive directors:					
— Liang Xin Jun	—	—	—	—	—
— Cong Jian Mao*	—	—	—	—	—
— Ye Kai (appointed on 23 March 2012, resigned on 24 January 2014)	—	—	—	—	—
— Kong Fan He	—	—	—	—	—
	—	—	—	—	—
Supervisors:					
— Jin Ting	—	—	—	—	—
— Wang Xiao Jie	—	—	—	—	—
— Chu Yu Shan	—	86	—	36	122
	—	86	—	36	122
	—	584	3,046	107	3,737

* Mr. Cong Jianmao has been re-designated from Non-executive Director to Executive Director of the Company with effect from 20 March 2015.

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (Continued)

(a) (ii) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2014 RMB'000	2013 RMB'000
Yan Hong Bo (resigned on 26 February 2013)	—	40
Nie Feng Jun (appointed on 15 August 2014)	47	—
Ye Tian Zhu (resigned on 15 August 2014)	113	160
Cai Si Cong	160	160
Chen Jin Rong	160	160
Xie Ji Yuan (appointed on 26 February 2013)	160	120
	640	640

There were no other emoluments payable to the independent non-executive directors during the year (2013: Nil).

There was no arrangement under which a director or supervisor waived or agreed to waive any remuneration during the year.

(b) Five highest paid employees

The five highest paid employees during the year fell into the following categories:

	2014	2013
Directors	3	3
Non-director and non- supervisor employees	2	2
	5	5

Details of directors' remuneration are set out in note 8(a) to the financial statements.

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (Continued)

(b) Five highest paid employees (Continued)

Details of the remuneration for the year of the non-director and non-supervisor highest paid employees are as follows:

	2014	2013
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	**399**	255
Performance related bonuses	**1,134**	1,299
Pension scheme contributions	**98**	80
	1,631	1,634

The number of non-director and non-supervisor, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2014	2013
Nil to HK$1,000,000 (Equivalent to RMB788,900)	**1**	—
HK$1,000,001 to HK$2,000,000 (Equivalent to RMB788,901 to RMB1,577,800)	**1**	2

During the year, no emoluments were paid by the Group to any of the persons who are directors of the Company, or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

9. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Provision for Mainland China current income tax is based on the statutory rate of 25% (2013: 25%) of the assessable profit of the Group as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Mainland China, which are taxed at a preferential rate of 15%. Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

The major components of income tax expense for the year are as follows:

	2014	2013
	RMB'000	*RMB'000*
Group:		
Current — Hong Kong	**—**	—
Current — Mainland China		
— Charged for the year	**250,660**	358,316
Deferred tax *(note 21)*	**(74,377)**	(132,159)
Total tax charge for the year	**176,283**	226,157

9. INCOME TAX EXPENSE (Continued)

A reconciliation of the income tax expense applicable to profit before tax at the statutory income tax rates in Mainland China and Hong Kong to the income tax expense at the Group's effective income tax rate for the year is as follows:

	2014 %	2014 RMB'000	2013 %	2013 RMB'000
Profit before tax		**683,024**		993,557
Tax at the statutory tax rates	**25.0 or 16.5**	**166,342**	25.0 or 16.5	250,315
Reconciling items:				
Lower tax rates for specific entities	**(3.2)**	**(21,975)**	(2.8)	(28,085)
Expenses not deductible for tax	**1.2**	**8,535**	1.7	16,641
Income not subject to tax	**(2.9)**	**(19,825)**	(0.8)	(7,979)
Adjustment in respect of current tax of previous periods	**(0.7)**	**(4,937)**	(4.1)	(40,370)
Tax losses not recognised	**9.2**	**63,036**	4.1	40,763
Effect on opening deferred tax of increase in rate of certain subsidiaries	**(1.0)**	**(6,837)**	—	—
Tax losses utilised from previous periods	**(0.2)**	**(1,598)**	—	—
Profits and losses attributable to associates and a joint venture	**(0.9)**	**(6,458)**	(0.5)	(5,128)
Total tax charge for the year	**25.8**	**176,283**	22.8	226,157

The share of tax attributable to associates and a joint venture amounting to RMB3,980,000 (2013: RMB4,987,000) is included in "Share of profits and losses of associates" and "Share of profits and losses of a joint venture" in the consolidated statement of profit or loss.

10. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the year ended 31 December 2014 includes a profit of RMB523,306,000 (2013: RMB648,490,000) which has been dealt with in the financial statements of the Company.

11. DIVIDEND

	2014	2013
	RMB'000	*RMB'000*
Ordinary:		
Proposed final — RMB0.05 per share (2013: RMB0.1 per share)	**148,291**	296,583

The board of directors recommends a cash dividend to all shareholders on the basis of RMB0.05 per share (tax included) (2013: RMB0.1 per share (tax included)).

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,965,827,000 (2013: 2,965,827,000) in issue during the year.

The diluted earnings per share amounts are equal to the basic earnings per share amounts for the years ended 31 December 2014 and 2013, as no diluting events existed during these years.

The calculations of basic and diluted earnings per share are based on:

	2014	2013
	RMB'000	*RMB'000*
Earnings:		
Profit attributable to ordinary equity holders of the parent	**455,388**	734,085

	2014	2013
	'000	*'000*
Shares:	**2,965,827**	2,965,827
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculations	**2,965,827**	2,965,827

13. PROPERTY, PLANT AND EQUIPMENT

Group

31 December 2014

	Buildings	Plant and machinery	Office equipment	Motor vehicles	Mining infrastructure	Construction in progress ("CIP")	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:							
At 1 January 2014	3,007,605	1,737,582	157,113	225,637	4,450,811	2,169,831	11,748,579
Additions	57,627	114,047	18,564	22,557	41,548	2,098,283	2,352,626
Transferred from CIP	296,895	111,104	1,972	1,468	748,787	(1,160,226)	—
Reclassification	124,090	2,399	278	—	(126,767)	—	—
Disposal of subsidiaries *(note 41)*	(8,895)	(11,064)	(1,321)	(1,560)	(67,104)	(787)	(90,731)
Disposals/write-off	(8,654)	(20,270)	(2,682)	(5,750)	(34,531)	—	(71,887)
At 31 December 2014	3,468,668	1,933,798	173,924	242,352	5,012,744	3,107,101	13,938,587
Accumulated depreciation:							
At 1 January 2014	490,714	556,395	87,922	115,737	1,022,302	—	2,273,070
Charge for the year	75,227	152,397	21,094	29,345	285,551	—	563,614
Transfer to CIP							
Reclassification	(565)	121	6	—	438	—	—
Disposal of subsidiaries *(note 41)*	(1,000)	(6,086)	(723)	(1,393)	(2,345)	—	(11,547)
Disposals/write-off	(4,487)	(9,393)	(2,772)	(4,814)	(10,452)	—	(31,918)
At 31 December 2014	559,889	693,434	105,527	138,875	1,295,494	—	2,793,219
Net book value:							
At 31 December 2014	2,908,779	1,240,364	68,397	103,477	3,717,250	3,107,101	11,145,368

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group (Continued)

31 December 2013

	Buildings *RMB'000*	Plant and machinery *RMB'000*	Office equipment *RMB'000*	Motor vehicles *RMB'000*	Mining infrastructure *RMB'000*	Construction in progress ("CIP") *RMB'000*	Total *RMB'000*
Cost:							
At 1 January 2013	2,187,663	1,485,480	132,413	199,800	3,330,714	1,797,060	9,133,130
Additions	112,612	103,861	25,482	27,256	51,101	2,150,312	2,470,624
Transferred from CIP	792,795	139,546	41	2,209	886,306	(1,820,897)	—
Acquisition of subsidiaries	85,974	59,563	580	7,643	30,731	15,521	200,012
Transfer to CIP	(22,017)	(12,737)	(404)	(5)	—	27,835	(7,328)
Reclassification	(147,880)	(19,853)	1,638	646	165,449	—	—
Disposals/write-off	(1,542)	(18,278)	(2,637)	(11,912)	(13,490)	—	(47,859)
At 31 December 2013	3,007,605	1,737,582	157,113	225,637	4,450,811	2,169,831	11,748,579
Accumulated depreciation:							
At 1 January 2013	405,070	437,893	67,517	96,181	814,645	—	1,821,306
Charge for the year	87,040	136,946	21,801	29,242	219,991	—	495,020
Transfer to CIP	(3,070)	(4,008)	(245)	(5)	—	—	(7,328)
Reclassification	1,875	(896)	617	283	(1,879)	—	—
Disposals/write-off	(201)	(13,540)	(1,768)	(9,964)	(10,455)	—	(35,928)
At 31 December 2013	490,714	556,395	87,922	115,737	1,022,302	—	2,273,070
Net book value:							
At 31 December 2013	2,516,891	1,181,187	69,191	109,900	3,428,509	2,169,831	9,475,509

At 31 December 2014, certain of the Group's plant and machinery with a net carrying amount of approximately RMB210,027,000 (2013: RMB116,122,000) were pledged to secure certain of the Group's bank borrowings (note 33).

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

31 December 2014

	Buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Mining infrastructure RMB'000	CIP RMB'000	Total RMB'000
Cost:							
At 1 January 2014	961,436	674,023	75,675	85,924	2,041,750	783,587	4,622,395
Additions	26,802	26,299	9,613	7,484	52,941	714,767	837,906
Transferred from CIP	42,676	39,797	—	722	454,985	(538,180)	—
Other disposals/write-off	(5,048)	(8,388)	(2,258)	(4,077)	(13,014)	—	(32,785)
At 31 December 2014	1,025,866	731,731	83,030	90,053	2,536,662	960,174	5,427,516
Accumulated depreciation:							
At 1 January 2014	280,299	291,951	50,535	61,443	454,734	—	1,138,962
Charge for the year	34,875	53,382	9,937	9,168	63,094	—	170,456
Disposals/write-off	(4,487)	(7,021)	(2,125)	(3,955)	(10,216)	—	(27,804)
At 31 December 2014	310,687	338,312	58,347	66,656	507,612	—	1,281,614
Net book value:							
At 31 December 2014	715,179	393,419	24,683	23,397	2,029,050	960,174	4,145,902

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company (Continued)

31 December 2013

	Buildings	Plant and machinery	Office equipment	Motor vehicles	Mining infrastructure	CIP	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:							
At 1 January 2013	926,650	618,999	68,772	82,273	1,668,355	549,921	3,914,970
Disposals to a subsidiary	—	—	—	—	—	(221,983)	(221,983)
Additions	54,593	32,378	8,008	8,667	33,318	818,543	955,507
Transferred from CIP	25,152	33,361	32	847	303,502	(362,894)	—
Reclassification	(44,812)	(2,573)	—	—	47,385	—	—
Other disposals/write-off	(147)	(8,142)	(1,137)	(5,863)	(10,810)	—	(26,099)
At 31 December 2013	961,436	674,023	75,675	85,924	2,041,750	783,587	4,622,395
Accumulated depreciation:							
At 1 January 2013	247,512	249,712	42,353	57,985	396,663	—	994,225
Reclassification	—	(465)	—	—	465	—	—
Charge for the year	32,915	49,944	9,281	9,081	66,475	—	167,696
Disposals/write-off	(128)	(7,240)	(1,099)	(5,623)	(8,869)	—	(22,959)
At 31 December 2013	280,299	291,951	50,535	61,443	454,734	—	1,138,962
Net book value:							
At 31 December 2013	681,137	382,072	25,140	24,481	1,587,016	783,587	3,483,433

14. PREPAID LAND LEASE PAYMENTS

Group

	2014 RMB'000	2013 RMB'000
Carrying amount at 1 January	**321,194**	240,815
Additions during the year	**21,954**	95,104
Acquisition of subsidiaries	**—**	1,825
Amortised during the year	**(16,415)**	(16,550)
Carrying amount at 31 December	**326,733**	321,194

Company

	2014 RMB'000	2013 RMB'000
Carrying amount at 1 January	**120,794**	124,748
Additions during the year	**—**	1,405
Amortised during the year	**(5,664)**	(5,359)
Carrying amount at 31 December	**115,130**	120,794

The Group's and the Company's leasehold lands are located in Mainland China. The Group and the Company were formally granted by the relevant PRC authorities certain rights to use the lands on which the Group's factories are erected and gold mines are located, for periods generally ranging between 10 and 50 years from the grant date.

15. GOODWILL

Group

	RMB'000
Cost at 1 January 2013, net of accumulated impairment	813,942
Acquisition of subsidiaries	100,700
Adjustment to the provisional amount in the measurement period for acquisition of a subsidiary	18,150
Cost and net carrying amount at 31 December 2013	932,792
At 31 December 2013:	
Cost	932,792
Accumulated impairment	—
Net carrying amount	932,792
Cost at 1 January 2014, net of accumulated impairment	**932,792**
Net carrying amount at 31 December 2014	**932,792**
At 31 December 2014:	
Cost	**932,792**
Accumulated impairment	**—**
Net carrying amount	**932,792**

15. GOODWILL (Continued)

Company

	RMB'000
Cost at 1 January 2013, net of accumulated impairment	84,333
Impairment during the year	—
Cost and net carrying amount at 31 December 2013	84,333
At 31 December 2013:	
Cost	84,333
Accumulated impairment	—
Net carrying amount	84,333
Cost at 1 January 2014, net of accumulated impairment	**84,333**
Impairment during the year	**—**
Cost and net carrying amount at 31 December 2014	**84,333**
At 31 December 2014:	
Cost	**84,333**
Accumulated impairment	**—**
Net carrying amount	**84,333**

15. GOODWILL (Continued)

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the related cash-generating units of gold and copper productions.

The recoverable amounts of the cash-generating units have been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rates applied to the cash flow projections is 13% (2013: 13%).

Assumptions were used in the value in use calculation for 31 December 2014 and 2013. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Gold and copper output

The values assigned to the future revenues are estimated based on the annual gold and copper production, which is in line with the processing capacity of each cash-generating unit, taking into consideration the expected future capital expenditure and capacity expansion.

Mining costs

The basis used to determine the values assigned to the mining costs is the input requirements in accordance with the long-term mining plan at real unit costs.

Commodity price

Future commodity prices in the valuation model are estimated by management based on their industry experience, historic price trends and independent expert reports and commentaries.

Discount rates

The discount rates used are based on a weighted average cost of capital, and are real rates, before tax reflecting specific risks relating to the cash-generating units.

The values assigned to the key assumptions are consistent with external information sources.

16. OTHER INTANGIBLE ASSETS

Group

31 December 2014

	Exploration rights and assets *RMB'000*	Mining rights and reserves *RMB'000*	Total *RMB'000*
Cost:			
At 1 January 2014	2,054,089	2,506,900	4,560,989
Additions	84,179	12,966	97,145
Acquisition of a subsidiary *(note 40)*	547,957	—	547,957
Transfer to property, plant and equipment	(36,489)	—	(36,489)
Disposal of subsidiaries *(note 41)*	(26,888)	—	(26,888)
Write-off	—	(600)	(600)
At 31 December 2014	2,622,848	2,519,266	5,142,114
Accumulated amortisation:			
At 1 January 2014	39,113	580,184	619,297
Provided during the year	(1,308)	112,497	111,189
Disposal of subsidiaries *(note 41)*	(5,895)	—	(5,895)
At 31 December 2014	31,910	692,681	724,591
Impairment:			
Provided during the year	—	49,168	49,168
Net book value:			
At 31 December 2014	2,590,938	1,777,417	4,368,355

16. OTHER INTANGIBLE ASSETS (Continued)

Group

31 December 2013

	Exploration rights and assets *RMB'000*	Mining rights and reserves *RMB'000*	Total *RMB'000*
Cost:			
At 1 January 2013	1,792,648	2,369,400	4,162,048
Additions	226,452	4,686	231,138
Acquisition of subsidiaries	46,280	133,514	179,794
Disposal/write-off	(11,291)	(700)	(11,991)
At 31 December 2013	2,054,089	2,506,900	4,560,989
Accumulated amortisation:			
At 1 January 2013	39,163	474,919	514,082
Provided during the year	(50)	105,414	105,364
Disposals/written off	—	(149)	(149)
At 31 December 2013	39,113	580,184	619,297
Net book value:			
At 31 December 2013	2,014,976	1,926,716	3,941,692

16. OTHER INTANGIBLE ASSETS (Continued)

At 31 December 2014 and 31 December 2013, there was no pledged other intangible assets.

Company

31 December 2014

	Exploration rights and assets *RMB'000*	Mining rights and reserves *RMB'000*	Total *RMB'000*
Cost:			
At 1 January 2014	840,132	606,126	1,446,258
Additions	2,154	—	2,154
Transfer to property, plant and equipment	(24,554)	—	(24,554)
Disposal	—	(600)	(600)
At 31 December 2014	817,732	605,526	1,423,258
Accumulated amortisation:			
At 1 January 2014	15,909	240,575	256,484
Provided during the year	—	20,127	20,127
At 31 December 2014	15,909	260,702	276,611
Net book value:			
At 31 December 2014	801,823	344,824	1,146,647

16. OTHER INTANGIBLE ASSETS (Continued)

Company

31 December 2013

	Exploration rights and assets *RMB'000*	Mining rights and reserves *RMB'000*	Total *RMB'000*
Cost:			
At 1 January 2013	703,428	605,526	1,308,954
Additions	136,704	600	137,304
At 31 December 2013	840,132	606,126	1,446,258
Accumulated amortisation:			
At 1 January 2013	15,909	221,261	237,170
Provided during the year	—	19,314	19,314
At 31 December 2013	15,909	240,575	256,484
Net book value:			
At 31 December 2013	824,223	365,551	1,189,774

17. INVESTMENTS IN SUBSIDIARIES

Company

	2014	2013
	RMB'000	*RMB'000*
Unlisted shares, at cost	**4,827,451**	4,661,569

Particulars of the subsidiaries are as follows:

Company name	Place and date of incorporation/ registration and place of operations	Paid-up/ registered share capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
		RMB'000	%	%	
Zhaoyuan Jintingling Mining Industry Company Limited (招遠市金亭嶺礦業有限公司)	PRC/Mainland China 10 October 2002	45,000	100	—	Gold mining and processing of gold products
Hainan Dongfang Zhaojin Mining Industry Company Limited ("HNDF") (海南東方招金礦業有限公司)****	PRC/Mainland China 13 May 2004	5,800	25	—	Gold mining and processing of gold products
Minxian Tianhao Gold Company Limited (岷縣天昊黃金有限責任公司)	PRC/Mainland China 16 May 2001	50,000	100	—	Gold mining and processing of gold products
Tuoli Zhaojin Beijiang Mining Company Limited ("TZB") (托里縣招金北疆礦業有限公司)	PRC/Mainland China 16 April 2004	30,000	100	—	Gold mining and processing of gold products

17. INVESTMENTS IN SUBSIDIARIES (Continued)

Company

Company name	Place and date of incorporation/ registration and place of operations	Paid-up/ registered share capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
		RMB'000	%	%	
Subsidiary of TZB:					
Tuoli Xinhe Gold Mining Industry Co., Ltd. ("Xinhe Gold Company") (托里縣鑫合黃金礦業有限公司)	PRC/Mainland China 7 January 2004	33,400	—	100	Gold mining and processing of gold products
Xinjiang Xingta Mining ("Xingta") Company Limited (新疆星塔礦業有限公司)	PRC/Mainland China 24 November 2005	160,000	100	—	Smelting of gold
Kunhe Zhaojin Mining Company Limited ("Kunhe") (阿勒泰市招金昆合礦業有限公司)	PRC/Mainland China 27 August 2007	10,000	100	—	Gold mining and processing of gold products
Huabei Zhaojin Mining Investment Company Limited ("HZMI") (華北招金礦業投資有限公司)**	PRC/Mainland China 20 June 2007	50,000	100	—	Investment holding
Subsidiaries of HZMI:					
Heilongjiang Zhaojin Mining Company Limited ("HLJ") (黑龍江招金礦業開發有限公司)	PRC/Mainland China 10 September 2007	10,000	—	—	Investment holding
Beijing Zhongse Mining Technology Company Limited ("Beijing Zhongse") (北京中色鴻鑫礦業科技有限責任公司)	PRC/Mainland China 26 September 2007	30,000	—	80	Investment holding
Quwo Zhaojin Mining Company Limited ("Quwo") (曲沃縣招金礦業有限公司)	PRC/Mainland China 9 December 2011	30,000	—	70	Investment holding
Gansu Zhaojin Mining Company Limited ("GSZJ") (甘肅招金礦業有限公司)	PRC/Mainland China 14 August 2007	10,000	100	—	Investment holding

17. INVESTMENTS IN SUBSIDIARIES (Continued)

Company

Company name	Place and date of incorporation/ registration and place of operations	Paid-up/ registered share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
		RMB'000	%	%	
Subsidiary of GSZJ:					
Liangdang Zhaojin Mining Industry Company Limited ("Liangdang Mining") (兩當縣招金礦業有限公司)	PRC/Mainland China 28 March 2008	6,000	—	70	Gold mining and processing of gold products
Fengningjinlong Mining Company Limited ("FNJL") (豐寧金龍黃金工業有限公司)	PRC/Mainland China 14 September 2000	94,519	52	—	Gold mining, smelting and processing of gold products
Zhaojin Guihe Technical Company Limited ("Guihe") (招遠市招金貴合科技有限公司)	PRC/Mainland China 9 October 2009	60,000	100	—	Manufacture and sale of sulphur acid and noble metal and electricity generation
Subsidiary of Guihe:					
Zhaojin Jinhe Technical Company Limited ("Jinhe") (招遠市招金金合科技有限公司)	PRC/Mainland China 8 January 2013	50,000	—	100	Research of mining and smelting, sale of residue
Gansu Hezuo Zaozigou Mining Industry Company Limited ("ZGM") (甘肅省合作早子溝金礦有限責任公司)	PRC/Mainland China 29 October 2008	2,000	52	—	Gold mining, smelting and processing of gold products
Jiashi Tonghui Mining Company Limited ("TCM") (伽師縣銅輝礦業有限責任公司)	PRC/Mainland China 5 January 2004	9,000	92	—	Copper mining and processing of copper products

17. INVESTMENTS IN SUBSIDIARIES (Continued)

Company

Company name	Place and date of incorporation/ registration and place of operations	Paid-up/ registered share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
		RMB'000	%	%	
Subsidiary of TCM:					
Kezhou Zhaojin Mining Industry Company Limited ("Kezhou") (克州招金有限責任公司)	PRC/Mainland China 9 January 2012	30,000	—	92	Copper mining and processing of gold products
Xinjiang Xinhui Copper Company Limited ("Xinhui") (新疆鑫慧銅業有限公司)	PRC/Mainland China 16 November 2006	30,000	92	—	Smelting of copper
Xinjiang Zhaojin Smelting Company Limited ("Xinjiang Smelting") (新疆招金冶煉有限公司)	PRC/Mainland China 5 January 2012	50,000	92	—	Smelting of copper
Qinghe Jindu Mining Company Limited ("Qinghe Mining") (青河縣金都礦業開發有限公司)	PRC/Mainland China 4 August 2005	10,000	95	—	Gold mining, and processing of gold products
Xinfengyuan Mining Company Limited ("Xinfengyuan Mining") (鳳城市鑫豐源礦業有限公司)	PRC/Mainland China 12 December 2007	10,000	100	—	Gold mining, exploration and processing of gold products
Hezheng Xinyuan Mining Company Limited ("Hezheng Mining") (和政鑫源礦業有限公司)	PRC/Mainland China 7 December 2006	5,000	95	—	Exploration and sale of gold products
Xinjiang Zhaojin Mining Development Company Limited ("XJKF") (新疆招金礦業開發有限公司)	PRC/Mainland China 19 May 2010	30,000	100	—	Mining investment and sale of gold products

17. INVESTMENTS IN SUBSIDIARIES (Continued)

Company

Company name	Place and date of incorporation/ registration and place of operations	Paid-up/ registered share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
		RMB'000	%	%	
Guigang Longxin Mining Company Limited ("Longxin Mining") (廣西貴港市龍鑫礦業開發有限公司)	PRC/Mainland China 19 December 2005	5,000	100	—	Sale of gold products
Zhaojin Zhengyuan Mining Company Limited ("Zhengyuan") (山東招金正元礦業有限公司)	PRC/Mainland China 18 August 2010	10,000	80	—	Mining investment and exploration of gold
Zhaojin Baiyun Mining Company Limited ("Baiyun Mining") (遼寧招金白雲黃金礦業有限公司)	PRC/Mainland China 20 December 1983	14,100	55	—	Exploration of gold and sale of gold products
Daqinjia Gold Mining Industry Company Limited ("Daqinjia") (大秦家金礦礦業有限公司)	PRC/Mainland China 3 June 1986	30,000	90	—	Gold mining and processing of gold products
Yantai Jinshi Mining Investment Company Limited ("Jinshi") (煙台金時礦業投資有限公司)	PRC/Mainland China 26 September 2011	5,000	100	—	Investment holding
Baicheng Dishui Copper Mining Development Company Limited ("Dishui") (拜城縣滴水銅礦開發有限責任公司)	PRC/Mainland China 18 May 2007	140,000	79	—	Copper mining and processing of copper products
Xinjiang Jinhanzun Mining Investment Company Limited ("Jinhanzun") (新疆金瀚尊礦業投資有限公司)	PRC/Mainland China 25 August 2005	1,080	100	—	Sale of mining products

17. INVESTMENTS IN SUBSIDIARIES (Continued)

Company

Company name	Place and date of incorporation/ registration and place of operations	Paid-up/ registered share capital *RMB'000*	Percentage of equity interest attributable to the Company Direct %	Indirect %	Principal activities
Gansu Zhaojin Precious Metal Smelting Company Limited ("Gansu Smelting") (甘肅招金貴金屬冶煉有限公司)	PRC/Mainland China 11 December 2012	300,000	55	—	Smelting of gold and other precious metal
Fuyun Zhaojin Mining Industry Company Limited ("Fuyun") (富蘊招金礦業有限公司)	PRC/Mainland China 27 September 2012	10,000	100	—	Investment holding
Lingqiu Liyuan Gold Mining Industry Company Limited ("Liyuan") (靈丘縣梨園金礦有限責任公司)	PRC/Mainland China 1 May 2005	80,000	51	—	Exploration of gold and sale of gold products
Zhaojin Jishan Mining Industry Company Limited ("Jishan") (招遠市招金紀山礦業有限公司)	PRC/Mainland China 26 October 2012	1,000	95	—	Exploration of gold
Subei Jinying Gold Company Limited ("Jinying") (肅北縣金鷹黃金有限責任公司)	PRC/Mainland China 9 March 1998	50,000	51	—	Gold mining, and processing of gold products
Ejina Yuantong Mining Industry Company Limited ("Yuantong") (額濟納旗圓通礦業有限責任公司)	PRC/Mainland China 12 May 2004	15,000	70	—	Gold mining, and processing of gold products, smelting
Gansu Xinrui Mining Company Limited ("Xinrui") (甘肅鑫瑞礦業有限公司)*	PRC/Mainland China 20 November 2008	10,000	51	—	Exploration and sale of mining products, and advisory service
Zhaojin Shunhe International Hotel Limited ("Shunhe") (山東招金舜和國際飯店有限公司)	PRC/Mainland China 22 January 2013	10,000	100	—	Catering
Sparky International Trade Company Limited ("SIT") (香港斯派柯國際貿易有限公司)	Hong Kong 31 May 2007	HK$ 70,000,000	100	—	Purchase of gold concentrates from places outside China

17. INVESTMENTS IN SUBSIDIARIES (Continued)

Company

Company name	Place and date of incorporation/ registration and place of operations	Paid-up/ registered share capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
		RMB'000	%	%	
Subsidiaries of SIT:					
Gold Vein International Investment Limited ("Gold Vein") (金脈國際投資有限公司)	British Virgin Islands 14 October 2009	United States dollars ("USD")1	—	100	Investment holding
Starlet Creation Limited ("Starlet") (星河創建有限公司)	Hong Kong 7 July 2011	HK$1	—	100	Investment holding
Jodies Joy Limited ("Jodies Joy") (領興有限公司)	British Virgin Islands 21 July 2011	USD1	—	100	Investment holding
Laizhou Sparky International Trade Company Limited ("Laizhou Sparky") (萊州斯派柯國際貿易有限公司)***	PRC/Mainland China 28 May 2013	USD 10,000,000	—	—	Purchase of gold concentrates and iron concentrates

The above subsidiaries established in the PRC are registered as companies with limited liability under PRC law.

* During the year, the Group acquired Xinrui for third parties. Further details of this acquisition are included in note 40 to the financial statements.

** During the year, HZMI disposed 70% equity interests of HLJ to a third party.

*** Laizhou Sparky applied for de-registration during the year.

**** During the year, the Company disposed 75% equity interest of HNDF to a third party, and then acquired 5% equity interests from another non-controlling shareholder of HNDF. As a result, the Company holds 25% equity interests of HNDF, and records the investment into available-for-sale investments because the Company has no significant influence over this entity by way of representation on the board of directors and participation in the policy-making process, despite the fact that the Company's equity interest in this entity was more than 20%.

There was no subsidiary that had non-controlling interest that was material to the Group during the year 2014.

18. INVESTMENT IN A JOINT VENTURE

Group

	2014 **RMB'000**	2013 RMB'000
Share of net assets	**135,300**	116,064

Company

	2014 **RMB'000**	2013 RMB'000
Unlisted shares, at cost	**100,000**	100,000

Particulars of the joint venture are as follows:

Company name	**Place and date of establishment**	**Paid-up/ registered share capital** *RMB'000*	**Percentage of equity interest directly attributable to the Group**	**Principal activities**
Ruoqiang Changyun Sanfengshan Mining Company Limited ("Sanfengshan") (若羌縣昌運三峰山金礦有限責任公司)	PRC 13 November 2006	9,000	50%	Mining, exploration of non-ferrous and ferrous metals; and processing of non-ferrous and ferrous metal products

The statutory financial statements of the joint venture were not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

The above interest in a joint venture is directly held by the Company.

18. INVESTMENT IN A JOINT VENTURE (Continued)

The following table illustrates the summarised financial information of Sanfengshan adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2014 RMB'000	2013 RMB'000
Current assets	**44,928**	30,266
Non-current assets	**387,217**	418,448
Current liabilities	**(121,545)**	(133,366)
Non-current liabilities	**(40,000)**	(83,220)
Net assets	**270,600**	232,128

Reconciliation to the Group's interest in the joint venture:

	2014 RMB'000	2013 RMB'000
Proportion of the Group's ownership	**50%**	50%
Group's share of net assets of the joint venture	**135,300**	116,064
Carrying amount of the investment	**135,300**	116,064
Revenue	**122,683**	37,466
Other income	**872**	101
	123,555	37,567
Total expenses	**(82,095)**	(21,463)
Tax	**(2,988)**	(1,032)
Profit and total comprehensive income for the year	**38,472**	15,072
Dividend received	**—**	—

19. INVESTMENTS IN ASSOCIATES

Group

	2014	2013
	RMB'000	*RMB'000*
Share of net assets	**207,652**	212,555
Goodwill on acquisition	**60,599**	60,599
	268,251	273,154

Company

	2014	2013
	RMB'000	*RMB'000*
Unlisted shares, at cost	**34,650**	34,650

The Group's trade payables balances with the associates are disclosed in note 30 to the financial statements.

Particulars of the associates are as follows:

Company name	**Place and date of establishment**	**Paid-up/ registered share capital** *RMB'000*	**Percentage of equity interest directly attributable to the Group**	**Principal activities**
Aletai Zhengyuan International Mining Company Limited ("Aletai") (阿勒泰正元國際礦業有限公司)	PRC 20 May 2005	90,000	38.5%	Gold mining and processing of gold products
Jin's Bonanza (Resource) Holding Limited ("JBHL") (大愚智水(資源)控股有限公司)	BVI 31 October 2011	USD10,000	46.07%	Investment holding

The statutory financial statements of the associates were not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

The percentages of the Company's voting power held and profit sharing in relation to Aletai and JBHL are 38.5% (2013: 38.5%) and 46.07% (2013: 46.07%), respectively.

19. INVESTMENTS IN ASSOCIATES (Continued)

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2014	2013
	RMB'000	*RMB'000*
Share of the associates' profit for the year	**6,597**	12,977
Share of the associates' total comprehensive income	**6,597**	12,977
Aggregate carrying amount of the Group's investments in the associates	**268,251**	273,154

20. AVAILABLE-FOR-SALE INVESTMENTS

Group

	2014	2013
	RMB'000	*RMB'000*
Listed equity investments, at fair value:		
— Australia	**24,295**	26,586
Unlisted equity investments, at cost:		
— Mainland, China	**21,746**	—
Impairment	**—**	—
	21,746	—
Total	**46,041**	26,586

Company

	2014	2013
	RMB'000	*RMB'000*
Unlisted equity investments, at cost:		
— Mainland, China	**3,725**	—
Impairment	**—**	—
Total	**3,725**	—

During the year, the gross loss in respect of the Group's equity investments in Australia recognised in other comprehensive income amounted to RMB2,382,000 (2013: Nil).

21. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Group

31 December 2014

	At 1 January RMB'000	(Charged)/ credited to profit or loss (note 9) RMB'000	Disposal of subsidiaries (note 41) RMB'000	At 31 December RMB'000
Deferred tax assets:				
Difference on tax depreciation and book value				
— Property, plant and equipment	45,735	(1,807)	(11,515)	32,413
Provision for early retirement and rehabilitation	21,854	1,424	—	23,278
Deferred income	79,061	24,210	—	103,271
Losses available for offsetting against future taxable profits	17,329	15,592	—	32,921
Other temporary differences				
— Fair value change from commodity derivative contracts	1,670	964	—	2,634
— Unrealized profit	7,658	9,875	—	17,533
— Inventory provision	14,696	(4,028)	—	10,668
— Others	123,120	(296)	(7)	122,817
Deferred tax assets	311,123	45,934	(11,522)	345,535
Deferred tax liabilities:				
Fair value adjustments arising from acquisition of subsidiaries	(537,753)	74,421	—	(463,332)
Difference on tax depreciation and book value				
— Other intangible assets	(54,329)	(19,336)	1,508	(72,157)
Other temporary differences				
Fair value change from:				
— Equity investments at fair value Through profit or loss	—	(325)	—	(325)
— Gold leasing business and gold forward contracts	(4,361)	(26,317)	—	(30,678)
Deferred tax liabilities	(596,443)	28,443	1,508	(566,492)
Total	(285,320)	74,377	(10,014)	(220,957)

21. DEFERRED TAX (Continued)

The movements in deferred tax assets and liabilities during the year are as follows (Continued):

Group

31 December 2013

	At 1 January *RMB'000*	(Charged)/ credited to profit or loss *(note 9)* *RMB'000*	Disposal of subsidiaries *RMB'000*	At 31 December *RMB'000*
Deferred tax assets:				
Difference on tax depreciation and book value				
— Property, plant and equipment	14,129	31,606	—	45,735
Provision for early retirement and rehabilitation	22,681	(827)	—	21,854
Deferred income	61,899	17,162	—	79,061
Losses available for offsetting against future taxable profits	17,309	20	—	17,329
Other temporary differences				
— Fair value change from commodity derivative contracts	—	1,670	—	1,670
— Others	87,976	57,498	—	145,474
Deferred tax assets	203,994	107,129	—	311,123
Deferred tax liabilities:				
Fair value adjustments arising from acquisition of subsidiaries	(566,577)	53,261	(24,437)	(537,753)
Difference on tax depreciation and book value				
— Other intangible assets	(30,459)	(23,870)	—	(54,329)
Fair value change from gold leasing business and gold forward contracts	—	(4,361)	—	(4,361)
Deferred tax liabilities	(597,036)	25,030	(24,437)	(596,443)
Total	(393,042)	132,159	(24,437)	(285,320)

21. DEFERRED TAX (Continued)

The movements in deferred tax assets and liabilities during the year are as follows (Continued):

Company

31 December 2014

	At 1 January RMB'000	(Charged)/ credited to profit or loss RMB'000	At 31 December RMB'000
Deferred tax assets:			
Difference on tax depreciation and book value			
— Other intangible assets	(77,558)	77,558	—
— Property, plant and equipment	(31,287)	(12,616)	(43,903)
Provision for early retirement and rehabilitation	16,377	692	17,069
Deferred income	57,130	13,539	70,669
Inventory provision	9,509	(9,509)	—
Other temporary differences	109,290	20,732	130,022
Deferred tax assets	83,461	90,396	173,857
Deferred tax liabilities:			
Difference on tax depreciation and book value			
— Other intangible assets	—	(95,216)	(95,216)
Fair value adjustments arising from merger of subsidiaries	(78,736)	6,283	(72,453)
Fair value change from:			
— Equity investment at fair value through profit or loss	—	(325)	(325)
— Gold leasing business and gold forward contracts	(4,129)	(19,963)	(24,092)
Deferred tax liabilities	(82,865)	(109,221)	(192,086)
Total	596	(18,825)	(18,229)

21. DEFERRED TAX (Continued)

The movements in deferred tax assets and liabilities during the year are as follows (Continued):

Company (Continued)

31 December 2013

	At 1 January *RMB'000*	(Charged)/ credited to profit or loss *RMB'000*	At 31 December *RMB'000*
Deferred tax assets:			
Difference on tax depreciation and book value			
— Other intangible assets	(60,045)	(17,513)	(77,558)
— Property, plant and equipment	(22,641)	(8,646)	(31,287)
Provision for early retirement and rehabilitation	17,036	(659)	16,377
Deferred income	46,938	10,192	57,130
Inventory provision	—	9,509	9,509
Other temporary differences	70,287	39,003	109,290
Deferred tax assets	51,575	31,886	83,461
Deferred tax liabilities:			
Fair value adjustments arising from merger of subsidiaries	(85,377)	6,641	(78,736)
Fair value change from gold leasing business and gold forward contracts	—	(4,129)	(4,129)
Deferred tax liabilities	(85,377)	2,512	(82,865)
Total	(33,802)	34,398	596

At 31 December 2014, there was no significant unrecognised deferred tax liability (2013: Nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries, associates or joint venture as the Group has no liability to additional tax should such amounts be remitted.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

Deferred tax assets have not been recognised in respect of the tax losses of RMB434,136,000 as at 31 December 2014 (2013: RMB271,256,000) as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

22. LOANS RECEIVABLE

Group

	Note	2014 RMB'000	2013 RMB'000
Loans receivable due from			
— a joint venture	(a)	**65,000**	55,000
— an associate	(a)	**5,000**	5,000
— a third party	(b)	**2,000**	800,000
Less: Due within 12 months		**(35,000)**	(35,000)
Due after 12 months		**37,000**	825,000

Company

	Note	2014 RMB'000	2013 RMB'000
Entrustment loans due from			
— subsidiaries	(a)	**5,789,034**	5,859,067
— a joint venture	(a)	**65,000**	55,000
— an associate	(a)	**5,000**	5,000
— a third party	(b)	**2,000**	—
Less: Due within 12 months		**(2,057,864)**	(2,731,630)
Due after 12 months		**3,803,170**	3,187,437

(a) Pursuant to the entrustment loan agreements, the Company extended loans to its subsidiaries, a joint venture and an associate through a bank. The loans are unsecured, bear interest at fixed rates ranging from nil to 7.65% per annum and have maturity dates from 2015 till 2016.

(b) On 19 December 2014, the Company signed an entrusted loan agreement to provide loans of RMB2 million to a third party through a bank. The loan is unsecured, bears interest at a fixed rate of 6.9% per annum and has a maturity date on 18 December 2016.

23. LONG-TERM DEPOSITS

Long-term deposits of the Group and the Company represent utilities and environmental rehabilitation deposits paid to service providers and the government respectively. The amounts were not expected to be refunded within the next 12 months as at 31 December 2014.

24. OTHER LONG-TERM ASSETS

Group

	2014	2013
	RMB'000	*RMB'000*
Advances and deposits paid for acquisitions of subsidiaries and exploration rights	**2,552,600**	1,628,000
Advance payments for purchases of property, plant and equipment	**286,931**	492,989
	2,839,531	2,120,989

Company

	2014	2013
	RMB'000	*RMB'000*
Advances and deposits paid for acquisitions of subsidiaries and exploration rights	**1,107,600**	177,000
Advance payments for purchases of property, plant and equipment	**115,836**	73,867
	1,223,436	250,867

The outstanding commitments in relation to the above acquisitions and purchases are disclosed in note 43.

25. INVENTORIES

Group

	2014 RMB'000	2013 RMB'000
Raw materials	**123,608**	115,470
Work in progress	**3,040,272**	2,318,352
Finished goods	**92,763**	132,366
	3,256,643	2,566,188
Less: impairment	**(84,363)**	(62,246)
	3,172,280	2,503,942

Company

	2014 RMB'000	2013 RMB'000
Raw materials	**38,718**	40,598
Work in progress	**1,721,612**	1,316,241
Finished goods	**22,828**	51,569
	1,783,158	1,408,408
Less: impairment	**—**	(38,035)
	1,783,158	1,370,373

26. TRADE AND NOTES RECEIVABLES

Group

	2014 RMB'000	2013 RMB'000
Trade receivables	57,026	170,290
Notes receivable	45,543	19,816
	102,569	190,106

An ageing analysis of the trade and notes receivables, based on the invoice date, is as follows:

	2014 RMB'000	2013 RMB'000
Outstanding balances due within 1 year	98,644	190,106
Outstanding balances due within 1 to 2 years	3,925	—
	102,569	190,106

Trade and notes receivables due from related parties included in the trade and notes receivables of the Group are as follows:

	2014 RMB'000	2013 RMB'000
Amounts due from related parties		
— Subsidiaries of Zhaojin Group	20,165	75,403

The amounts due from related parties are unsecured, interest-free and expected to be settled within 60 days.

26. TRADE AND NOTES RECEIVABLES (Continued)

Company

	2014	2013
	RMB'000	*RMB'000*
Trade receivables	**33,471**	85,074
Notes receivable	**—**	7,511
	33,471	92,585

An ageing analysis of the trade and notes receivables, based on the invoice date, is as follows:

	2014	2013
	RMB'000	*RMB'000*
Outstanding balances due within 1 year	**33,471**	92,585

Trade and notes receivables are non-interest-bearing. As 72% (2013: 71%) of the sales of the Group for the year ended 31 December 2014 were made through the SGE, there were no significant receivables that were overdue or impaired.

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	2014 RMB'000	2013 RMB'000
Prepayments	**347,645**	497,690
Other receivables	**491,906**	504,361
	839,551	1,002,051
Less: impairment	**(29,832)**	(28,150)
	809,719	973,901

Prepayments and other receivables due from related parties included in the prepayments and other receivables of the Group are as follows:

	2014 RMB'000	2013 RMB'000
Amounts due from related parties:		
— Zhaojin Group	**1,805**	13,008
— Subsidiaries of Zhaojin Group	**8,645**	7,624
	10,450	20,632

The amounts due from related parties are unsecured, interest-free and have no fixed terms of settlement.

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

Company

	2014	2013
	RMB'000	*RMB'000*
Prepayments	**156,960**	433,920
Other receivables	**1,686,968**	1,429,951
	1,843,928	1,863,871
Less: impairment	**(10,302)**	(12,559)
	1,833,626	1,851,312

There are no significant balances that are overdue or impaired except for the impairment of other receivables. Movements in the provision for impairment of other receivables are as follows:

Group

	2014	2013
	RMB'000	*RMB'000*
At 1 January	**28,150**	38,753
Impairment losses recognised	**3,939**	—
Impairment losses reversed	**(2,257)**	(10,603)
At 31 December	**29,832**	28,150

Company

	2014	2013
	RMB'000	*RMB'000*
At 1 January	**12,559**	13,586
Impairment losses recognised	**—**	—
Impairment losses reversed	**(2,257)**	(1,027)
At 31 December	**10,302**	12,559

28. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Group

	2014 RMB'000	2013 RMB'000
Listed equity investments at market value		
— Mainland China	9,306	26,433
— Australia	2,500	7,918
— Hong Kong	11,606	—
	23,412	34,351

Company

	2014 RMB'000	2013 RMB'000
Listed equity investments at market value		
— Mainland China	9,306	26,433

29. CASH AND CASH EQUIVALENTS

Group

	Note	2014 RMB'000	2013 RMB'000
Cash and bank balances		1,254,416	1,035,325
Time deposits		388,888	165,000
		1,643,304	1,200,325
Less: Pledged time deposits			
— Pledged for short-term bank loans	33(b)	(229,532)	(116,500)
— Pledged for bills payable		(58,856)	(48,000)
— Pledged for gold leasing business		(100,000)	—
		1,254,916	1,035,825

29. CASH AND CASH EQUIVALENTS (Continued)

Company

	2014	2013
	RMB'000	*RMB'000*
Cash and bank balances	**578,748**	393,409
Time deposits	**329,532**	116,500
	908,280	509,909
Less: Pledged time deposits		
— Pledged for short-term bank loans	**(229,532)**	(116,500)
— Pledged for gold leasing business	**(100,000)**	—
	578,748	393,409

At the end of the reporting period, the cash and cash equivalents of the Group denominated in Hong Kong dollars ("HK$") amounted to RMB25,609,000 (2013: RMB19,043,000) and those denominated in USD amounted to RMB20,747,000 (2013: RMB7,945,000). All other cash and cash equivalents held by the Group are denominated in RMB. The RMB is not freely convertible into other currencies; however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interest at the time deposit rates. Time deposits (except for pledged time deposits) can be withdrawn at the discretion of the Group with seven days' notice. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

30. TRADE PAYABLES

At 31 December 2014, the balance of trade payables mainly represents the amount regarding the unsettled procurement of gold concentrates. The trade payables are non-interest-bearing and are normally settled on 60 days' terms.

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

Group

	2014 RMB'000	2013 RMB'000
Within one year	**402,909**	584,202
Over one year but within two years	**68,404**	54,642
Over two years but within three years	**5,410**	5,784
Over three years	**2,417**	3,710
	479,140	648,338

Trade payables due to related parties included in the trade payables of the Group are as follows:

	2014 RMB'000	2013 RMB'000
Amounts due to related parties		
— An associate — Aletai	**6,209**	—
— Subsidiaries of Zhaojin Group	**15,473**	26,759
	21,682	26,759

The amounts due to related parties are unsecured, interest-free and expected to be settled within 60 days, which represents credit terms similar to those offered from the related parties to their major suppliers.

30. TRADE PAYABLES (Continued)

Company

	2014 RMB'000	2013 RMB'000
Within one year	**248,743**	527,610
Over one year but within two years	**1,380**	2,117
Over two years but within three years	**759**	1,129
Over three years	**1,906**	2,118
	252,788	532,974

31. OTHER PAYABLES AND ACCRUALS

Group

	2014 RMB'000	2013 RMB'000
Accrued taxes other than income tax	**238,280**	255,092
Accrued expenses and other payables	**551,705**	422,083
Capital expenditure payables	**751,218**	826,510
	1,541,203	1,503,685

31. OTHER PAYABLES AND ACCRUALS (Continued)

Group (Continued)

Other payables due to related parties included in the other payables and accruals of the Group are as follows:

	2014 RMB'000	2013 RMB'000
Amounts due to related parties		
— Zhaojin Group	4,266	10,487
— Subsidiaries of Zhaojin Group	20,784	19,438
	25,050	29,925

The amounts due to related parties are unsecured, interest-free and have no fixed terms of repayment.

Company

	2014 RMB'000	2013 RMB'000
Accrued taxes other than income tax	11,023	42,065
Accrued expenses and other payables	588,858	292,945
Capital expenditure payables	167,505	174,676
	767,386	509,686

Other payables are non-interest-bearing and have an average term ranging from 30 to 60 days.

32. DERIVATIVE FINANCIAL INSTRUMENTS/FINANCIAL LIABILITY AT FAIR VALUE THROUGH PROFIT OR LOSS

Group

	Note	2014 RMB'000	2013 RMB'000
Derivative financial instruments:			
— Gold forward contracts	(b)	57,211	—
Financial liabilities at fair value through profit or loss:			
Gold leasing business	(a)	3,709,702	1,439,425
Derivative financial liabilities:			
— Gold forward contracts	(b)	106,189	123,955
— Commodity derivative contracts	(c)	11,445	11,132
		3,827,336	1,574,512

Company

	Note	2014 RMB'000	2013 RMB'000
Derivative financial instruments:			
— Gold forward contracts	(b)	51,981	—
Financial liabilities at fair value through profit or loss:			
Gold leasing business	(a)	3,187,920	1,439,425
Derivative financial liabilities			
— Gold forward contracts	(b)	96,211	123,955
		3,284,131	1,563,380

32. DERIVATIVE FINANCIAL INSTRUMENTS/FINANCIAL LIABILITY AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(a) The Group financed through leases of gold from banks and subsequently sold through the SGE. On maturity, the Group would return gold with the same quantity and specification purchased through SGE, and pay rental fees to banks. The maturity periods range from 180 days to 1 year. As at 31 December 2014, unrealised gains on changes in fair value of the financial liabilities at fair value through profit or loss amounted to RMB171,690,000 (31 December 2013: RMB141,397,000).

(b) The Group has engaged in gold forward contracts on the SGE and SHFE in accordance with the quantity, specification and repayment terms of gold to be returned to banks in the future for the purpose of hedging certain risks arising from gold price fluctuation from the gold leasing business. As at 31 December 2014, unrealised losses on changes in fair value arising from derivative financial liabilities were RMB106,189,000 (31 December 2013: unrealised losses were RMB123,955,000), and unrealised gain on changes in fair value arsing from derivative financial assets was RMB57,211,000 (31 December 2013: Nil).

(c) The Group uses commodity derivative contracts to hedge its commodity price risk, which do not meet the criteria of hedge accounting. As at 31 December 2014, commodity derivative contracts utilised by the Group are gold future contracts in the SHFE and Au (T+D) contracts in SGE.

The unrealised loss on commodity derivative contracts of RMB650,000 was debited to other expenses during the year (2013: RMB11,132,000).

33. INTEREST-BEARING BANK AND OTHER BORROWINGS

		2014			2013		
Group		**Effective interest rate (%)**	**Maturity**	***RMB'000***	Effective interest rate (%)	Maturity	*RMB'000*
Current							
Bank loans — secured	(b)	1.37–6.06	2015	297,665	6.00	2014	198,284
Bank loans — guaranteed	(c)	6.00–6.16	2015	370,000	6.00	2014	100,000
Bank loans — unsecured		5.46–6.15	2015	2,148,735	1.63–8.00	2014	3,332,460
Other borrowings — unsecured		2.55–6.06	2015	900,708	2.55	2014	708
Short-term bonds — unsecured		5.30	2015	998,926	4.21–4.26	2014	1,699,055
				4,716,034			5,330,507
Non-current							
Bank loans — guaranteed	(c)	6.4	2017	33,000	6.40	2017	43,000
Bank loans — unsecured		6.15–6.42	2016–2019	1,132,140	6.42	2019	60,363
Other borrowings — unsecured	(d)	2.55–7.00	2016–2021	1,008,847	2.55–7.00	2015–2021	1,013,200
				2,173,987			1,116,563
				6,890,021			6,447,070

33. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Notes:

(a) Unutilised limit of bank loans, short-term bonds and gold leasing business

	2014	2013
	RMB'000	*RMB'000*
Banking facilities:		
— Available	**14,245,000**	11,077,313
— Utilised	**(9,874,000)**	(6,672,700)
Unutilised	**4,371,000**	4,404,613

(b) Certain of the Group's bank loans are secured by mortgages over the Group's plant and machinery and pledged deposits, which had aggregate carrying values at the end of the reporting period of approximately RMB210,027,000 (2013: RMB116,122,000) (note 13) and RMB229,532,000 (2013: RMB116,500,000) (note 29), respectively.

(c) As at 31 December 2014, bank loans of the subsidiaries with carrying amounts of RMB215,650,000 and RMB37,350,000 (2013: RMB180,150,000 and RMB41,850,000) are guaranteed by the Company and a non-controlling shareholder of a subsidiary, respectively.

As at 31 December 2014, bank loans of a subsidiary with total carrying amount of RMB150,000,000 (2013: Nil) were guaranteed by another subsidiary of the Company.

(d) On 30 December 2013, the Company issued a private placement note to China Construction Back with a par value of RMB1 billion. The note carries interest at 7% per annum with a term of three years. The interest is paid quarterly.

33. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

	2014			2013		
Company	**Effective interest rate (%)**	**Maturity**	**RMB'000**	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans — unsecured	5.46–6.15	2015	2,093,305	5.21–6.00	2014	3,045,510
Other borrowings — unsecured	2.55–6.06	2015	900,708	2.55	2014	708
Short-term bonds — unsecured	5.30	2015	998,926	4.21–4.26	2014	1,699,055
			3,992,939			4,745,273
Non-current						
Bank loans — unsecured	6.15	2016–2017	932,000	—	—	—
Other borrowings — unsecured	2.55–7.00	2016–2021	999,897	2.55–7.00	2015–2021	1,004,249
			1,931,897			1,004,249
			5,924,836			5,749,522

Notes:

(a) Unutilised limit of bank loans, short-term bonds and gold leasing business

	2014 RMB'000	2013 RMB'000
Banking facilities:		
— Available	**12,980,000**	10,730,000
— Utilised	**(8,983,000)**	(6,325,387)
Unutilised	**3,997,000**	4,404,613

33. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

As at 31 December 2014, except for secured bank loans of the RMB237,901,000 and RMB30,764,000 (2013: the RMB78,623,000 and RMB30,661,000) denominated in Hong Kong dollars and United States dollars, respectively, all borrowings were denominated in RMB.

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Analysed into:				
Bank loans and short-term bond repayable:				
Within one year or on demand	**3,815,326**	5,329,799	**3,092,231**	4,744,565
In the second year	**538,000**	1,370	**538,000**	—
In the third to fifth years, inclusive	**627,140**	43,000	**394,000**	—
Beyond five years	**—**	58,993	**—**	—
	4,980,466	5,433,162	**4,024,231**	4,744,565
Other borrowings repayable:				
Within one year	**900,708**	708	**900,708**	708
In the second year	**997,063**	708	**997,063**	708
In the third to fifth years, inclusive	**2,125**	1,002,125	**2,125**	1,002,125
Beyond five years	**9,659**	10,367	**709**	1,416
	1,909,555	1,013,908	**1,900,605**	1,004,957
	6,890,021	6,447,070	**5,924,836**	5,749,522

34. CORPORATE BONDS

Group and Company

On 23 December 2009, the Company issued a corporate bond to the public on the Shanghai Stock Exchange with a par value of RMB1.5 billion ("2009 Zhaojin Bond"). The bond carries interest at 5% per annum with a term of seven years, which is payable annually in arrears on 23 December each year. According to the offering memorandum of the 2009 Zhaojin Bond, the bond holders are entitled to redeem the bonds at a redemption price equal to the principal amount on the interest payment date of the fifth years since issuance, i.e., 23 December 2014. Till 23 December 2014, no bonds were redeemed by the bond holders, and the maturity date of 2009 Zhaojin Bond is 22 December 2016.

On 16 November 2012, the Company issued a corporate bond to the public on the Shanghai Stock Exchange with a par value of RMB1.2 billion ("2012 Zhaojin Bond"). The bond carries interest at 5% per annum with a term of five years, which is payable annually in arrears on 16 November each year.

	2014 ***RMB'000***	2013 *RMB'000*
Corporate bonds at the beginning of the year	**2,686,046**	2,682,886
Increase arising from the amortisation method	**4,263**	3,160
Corporate bonds at the end of the year	**2,690,309**	2,686,046

As at 31 December 2014, the bonds issued with carrying amount of RMB2,690,309,000 are guaranteed by the Zhaojin Group.

35. DEFERRED INCOME

Deferred income represents unconditional government grants received in respect of property, plant and equipment, geological exploration activities and the mining of low grade ore. The movements in deferred income during the year are as follows:

Group

	Note	**2014** **RMB'000**	2013 RMB'000
At beginning of year		**335,534**	248,635
Received during the year		**120,051**	131,614
Recognised as income during the year	5	**(39,840)**	(44,715)
At end of year		**415,745**	335,534

Company

	2014 **RMB'000**	2013 RMB'000
At beginning of year	**228,518**	187,751
Received during the year	**83,512**	68,891
Recognised as income during the year	**(29,353)**	(28,124)
At end of year	**282,677**	228,518

36. PROVISIONS

Group

	2014 RMB'000	2013 RMB'000
Provision for rehabilitation		
At beginning of year	8,076	8,187
Interest increment *(note 6)*	302	373
Change in discount rate	83	(484)
At end of year	8,461	8,076
Provision for early retirement		
At beginning of year	79,341	82,539
Additional early retirees	27,277	19,624
Change in discount rate	920	(579)
Interest increment *(note 6)*	4,440	5,643
Utilised during the year	(27,327)	(27,886)
At end of year	84,651	79,341
Total	93,112	87,417
Analysis of total provisions		
Current	24,504	20,431
Non-current	68,608	66,986
	93,112	87,417

36. PROVISIONS (Continued)

Company

	2014 RMB'000	2013 RMB'000
Provision for rehabilitation		
At beginning of year	6,474	6,671
Interest increment	229	306
Change in discount rate	202	(503)
At end of year	6,905	6,474
Provision for early retirement		
At beginning of year	59,032	61,473
Additional early retirees	20,868	16,927
Change in discount rate	517	(610)
Interest increment	3,306	4,382
Utilised during the year	(22,353)	(23,140)
At end of year	61,370	59,032
Total	68,275	65,506
Analysis of total provisions		
Current	17,608	16,480
Non-current	50,667	49,026
	68,275	65,506

36. PROVISIONS (Continued)

The provisions are based on estimates of future payments made by management and are discounted at rates in the range of 5.6% to 6.2% (2013: 6.0% to 6.6%). Changes in assumptions could significantly affect these estimates.

The provision for rehabilitation is in relation to the estimated costs of complying with the Group's obligations for land reclamation. These costs are expected to be incurred on mine closure, which, based on current mineral reserve estimates, lasts for periods ranging from 1 to 73 years.

The provision for early retirement is made in respect of future payments to be made by the Group to former employees who have accepted early retirement terms. These payments are made monthly based on the employees' pre-retirement salary level and age, and are due to be made until the former employees reach the normal statutory retirement age, which extends up to 2038.

37. OTHER LONG-TERM LIABILITIES

As at 31 December 2013, the balance represents the payable for the commitment of profit distribution to non-controlling shareholders, which was settled in 2014.

38. SHARE CAPITAL

Group and Company

	2014 *RMB'000*	2013 *RMB'000*
Registered, issued and fully paid:		
Domestic 2,091,481,195 (2013: 2,091,481,195) domestic shares of RMB1.00 each	**2,091,481**	2,091,481
H 874,346,000 (2013: 874,346,000) H shares of RMB1.00 each	**874,346**	874,346
	2,965,827	2,965,827

39. RESERVES

(i) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

(ii) Company

	Capital Reserve	Special reserve— safety fund	Statutory reserve	Retained profits	Proposed final dividend	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2013	1,713,752	2,011	589,465	1,907,291	711,799	4,924,318
Total comprehensive income for the year	—	—	—	1,159,250	—	1,159,250
Transfer to reserves	—	—	110,520	(110,520)	—	—
Dividends						
— 2013 final proposed	—	—	—	(296,583)	296,583	—
— 2012 final paid	—	—	—	—	(711,799)	(711,799)
At 31 December 2013 and 1 January 2014	1,713,752	2,011	699,985	2,659,438	296,583	5,371,769
Total comprehensive income for the year	—	—	—	769,459	—	769,459
Transfer to reserves	—	1,102	73,596	(74,698)	—	—
Dividends						
— 2014 final proposed	—	—	—	(148,291)	148,291	—
— 2013 final paid	—	—	—	—	(296,583)	(296,583)
At 31 December 2014	**1,713,752**	**3,113**	**773,581**	**3,205,908**	**148,291**	**5,844,645**

39. RESERVES (Continued)

Capital reserve

Share premium, which represented the difference between the nominal value and the issue price of the new H Shares issued to the public upon listing of the Company's H Shares on the Main Board of the SEHK, which amounted to RMB2,332,418,000 was recognised in the capital reserve. In addition, share subscription expenses of RMB163,665,000 were offset against the share premium.

On 16 May 2008, the shareholders approved a bonus issue of 546,536,000 shares of RMB1 each on the basis of 0.75 share for every share held by the capitalising capital reserve amounting to RMB546,536,000 to share capital.

On 13 June 2011, the annual general meeting of the Company approved a resolution to increase the share capital of the Company from RMB1,457,430,000 to RMB2,914,860,000 by way of a bonus issue on the basis of one bonus share issued for every share held by shareholders (50% of which is made by the capitalisation of capital reserve and 50% of which is made by the capitalisation of retained profits).

In November 2012, the Company issued 50,967,195 domestic shares (RMB1 per share) at the issue price of RMB11.73 per share.

Statutory reserves

In accordance with the articles of association of the Company approved by the relevant government authorities on 16 April 2004, the net profit after tax of the Company for the purpose of profit distribution will be deemed to be the lesser of (i) the net profit determined in accordance with PRC GAAP and (ii) the net profit determined in accordance with HKFRSs. Under the PRC Company Law and the Company's articles of association, the net profit after tax can only be distributed as dividends after allowance has been made for the following:

(i) Making up prior years' cumulative losses, if any.

(ii) Allocations to the statutory common reserve fund of at least 10% of the after tax profit, until the fund aggregates 50% of the Company's share capital. For the purpose of calculating the transfer to the reserve, the profit after tax shall be the amount determined under PRC GAAP. The transfer to this reserve must be made before any distribution of dividends to shareholders.

    The statutory common reserve fund can be used to offset previous years' losses, if any, and part of the statutory common reserve fund can be capitalised as the Company's share capital provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the share capital of the Company.

39. RESERVES (Continued)

Statutory reserves (Continued)

(iii) Allocations to the discretionary common reserve if approved by the shareholders.

The above reserves cannot be used for purposes other than those for which they are created and are not distributable as cash dividends.

For dividend purposes, the amount which the Company and its subsidiaries can legally distribute by way of a dividend is determined with reference to their profits available for distribution as reflected in the respective PRC statutory financial statements which are prepared in accordance with PRC GAAP. These profits differ from those reflected in the financial statements which are prepared in accordance with HKFRSs.

40. ACQUISITION OF A SUBSIDIARY NOT ACCOUNTED FOR AS BUSINESS COMBINATION

On 24 June 2014, the Company completed its acquisition of a 51% equity interest in Gansu Xinrui Mining Company Limited, a company incorporated in the PRC, at a cash consideration of RMB255 million. The acquisition was made as part of the Group's strategy to expand the gold business in China.

The above acquisition has been accounted for as acquisition of assets in the Group's consolidated financial statements. The purchase cost of the Group is allocated to the assets and liabilities, respectively on the basis of their relative fair values at the date of purchase.

The allocation of the purchase cost on the basis of the relative fair values of the assets and liabilities acquired as at the date of the purchase are as follows:

	Allocation of purchase cost *RMB'000*
Other intangible assets *(note 16)*	547,957
Other payables and accruals	(47,957)
Non-controlling interests	(245,000)
	255,000
Satisfied by:	
Cash	255,000

40. ACQUISITION OF A SUBSIDIARY NOT ACCOUNTED FOR AS BUSINESS COMBINATION (Continued)

An analysis of the net outflow of cash and cash equivalents in respect of the above acquisition is as follows:

	2014 ***RMB'000***
Cash consideration	**255,000**
Prepayment paid in 2013	**(170,000)**
Unsettled payables as at 31 December 2014	**(24,458)**
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	**60,542**

From the date of acquisition, the results of the newly acquired subsidiary have no significant impact on the Group's consolidated turnover or net profit for the year.

41. DISPOSAL OF SUBSIDIARIES

The major disposal during the year is set out as follows:

On 25 October 2013, the Company entered into an equity transfer agreement to dispose its 75% equity interest in HNDF, for a total consideration of RMB71,250,000. Subsequent to the completion of the equity transfers on 4 April 2014, as the Company lost the control over the board of directors as well as the operating and financial policies decision of HNDF, HNDF was not a subsidiary of the Company any more.

On 8 May 2014, HZMI entered into an equity transfer agreement to fully dispose its 70% equity interest in HLJ, without any cash consideration.

41. DISPOSAL OF SUBSIDIARIES (Continued)

The net assets disposed of all subsidiaries during the year were as follows:

	2014 RMB'000
Net assets disposed of:	
Property, plant and equipment *(note 13)*	79,184
Other intangible assets *(note 16)*	20,993
Deferred tax assets *(note 21)*	11,522
Cash and bank balances	4,153
Other assets	1,943
Other payables and accruals	(19,895)
Deferred tax liabilities *(note 21)*	(1,508)
Other liabilities	(6,747)
Non-controlling interests	3,305
	92,950
Fair value of the retained interests in subsidiaries disposed of	(19,246)
Loss on disposal of subsidiaries	(2,454)
	71,250
Satisfies by:	
Cash	71,250

41. DISPOSAL OF SUBSIDIARIES (Continued)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2014 *RMB'000*
Cash consideration	71,250
Cash and bank balances disposed of	(4,153)
Cash received in advance in 2013	(21,375)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	45,722

42. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

(a) Guarantees

Company

	2014 *RMB'000*	2013 *RMB'000*
Guarantees provided to banks for loan facilities granted to subsidiaries:		
— TCM	100,000	—
— Xingta	50,000	50,000
— Baiyun Mining	45,650	51,150
— Yuantong	20,000	—
— Liangdang Mining	—	79,000
	215,650	180,150

42. CONTINGENT LIABILITIES (Continued)

(b) Indemnities from Zhaojin Group

The Group and the Company have received indemnities from Zhaojin Group in respect of certain State levies totalling RMB45.6 million and RMB33.4 million respectively for the period from 24 December 1999 to 8 December 2006 (listing date) and certain government funding arrangements amounting to RMB49.3 million, which predated the Company's formation on 16 April 2004. The directors are of the opinion that the Group and the Company do not have any financial liability in respect of these arrangements.

43. COMMITMENTS

(a) Capital commitments

Group

	2014	2013
	RMB'000	*RMB'000*
Contracted, but not provided for:		
— Property, plant and equipment	**180,713**	248,247
— Prepayment for potential acquisitions	**1,477,500**	254,683
	1,658,213	502,930
Authorised, but not contracted for:		
— Property, plant and equipment	**913,600**	1,032,720
— Exploration and evaluation assets	**118,000**	153,840
	1,031,600	1,186,560

43. COMMITMENTS (Continued)

(a) Capital commitments (Continued)

Company

	2014	2013
	RMB'000	*RMB'000*
Contracted, but not provided for:		
— Property, plant and equipment	**180,713**	248,247
— Unlisted equity investments in subsidiaries	**—**	135,000
	180,713	383,247
Authorised, but not contracted for:		
— Property, plant and equipment	**585,650**	219,500
— Exploration and evaluation assets	**45,700**	54,100
	631,350	273,600

43. COMMITMENTS (Continued)

(b) Operating lease commitments

The Group leases certain of its land and offices under operating lease arrangements, which are negotiated for terms ranging between two and seventeen years.

Future minimum lease payments of the Group and of the Company under non-cancellable operating leases are as follows:

Group

	2014	2013
	RMB'000	*RMB'000*
Within one year	**8,339**	5,786
In the second to fifth years, inclusive	**14,440**	4,000
After five years	**9,000**	10,000
	31,779	19,786

Company

	2014	2013
	RMB'000	*RMB'000*
Within one year	**6,533**	4,435
In the second to fifth years, inclusive	**10,440**	—
	16,973	4,435

44. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	2014 ***RMB'000***	2013 *RMB'000*
Nature of relationships/transactions		
(i) Zhaojin Group		
Expenses:		
— Payment of rental of land use rights	**4,435**	4,514
— Brokerage service fees	**3,000**	2,549
(ii) Subsidiaries of Zhaojin Group		
Sales of silver	**77,174**	160,096
Expenses:		
— Fees for refining services	**4,490**	7,237
— Brokerage service fees	**295**	136
Capital transactions:		
— Purchase of exploration services	**46,966**	65,313
— Purchase of digital mine construction technology services	**26,469**	14,085
— Purchase of water treatment engineering services and relevant necessary super filter membrane and equipment	**7,473**	5,278
(iii) Associate — Aletai		
— Purchase of gold concentrates	**105,615**	128,130
(iv) Joint venture — Sanfengshan		
— Purchase of copper concentrates	**118,678**	91,874
— Entrusted loans	**10,000**	—
(v) Subsidiary of an associate — Shandong Wucailong Investment Company Limited		
— Entrusted loans	**—**	5,000

The directors consider that the sales and purchases were undertaken on commercial terms similar to those offered to/by unrelated customers/suppliers in the ordinary course of business of the relevant companies.

44. RELATED PARTY TRANSACTIONS (Continued)

(b) Outstanding balances with related parties:

(i) Details of the Group's loans due from its associates and joint venture as at the reporting period are included in note 22 to the financial statements.

(ii) Details of the Group's trade balances with subsidiaries of Zhaojin Group as at the end of the reporting period are disclosed in notes 26 and 30 to the financial statements.

(iii) Details of the Group's non-trade balances with Zhaojin Group and its subsidiaries as at the end of the reporting period are disclosed in notes 27 and 31 to the financial statements.

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

	2014	2013
	RMB'000	*RMB'000*
Short-term employee benefits	**4,742**	7,581
Post-employment benefits	**—**	—
Total compensation paid to key management personnel	**4,742**	7,581

Further details of directors' emoluments are included in note 8 to the financial statements.

(d) Connected transactions

The transactions disclosed in items (a)(i) and (a)(ii) above also constitute connected transactions and/or continuing connected transactions as referred to in Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

45. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Group

Financial assets

	2014			
	Financial assets at fair value through profit or loss			
	Held for trading	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes receivables	—	102,569	—	102,569
Financial assets included in other receivables	—	462,074	—	462,074
Available-for-sale investments	—	—	46,041	46,041
Equity investments at fair value through profit or loss	23,412	—	—	23,412
Derivative financial Instruments	57,211	—	—	57,211
Loans receivable	—	72,000	—	72,000
Pledged deposits	—	388,388	—	388,388
Cash and cash equivalents	—	1,254,916	—	1,254,916
Total	80,623	2,279,947	46,041	2,406,611

45. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (Continued)

Group (Continued)

Financial liabilities

	2014			
	Financial liabilities at fair value through profit or loss			
	Designated as such upon initial recognition *RMB'000*	Held for trading *RMB'000*	Financial liabilities at amortised cost *RMB'000*	Total *RMB'000*
Financial liabilities at fair value through profit or loss	3,709,702	117,634	—	3,827,336
Trade payables	—	—	479,140	479,140
Financial liabilities included in other payables and accruals	—	—	832,310	832,310
Interest-bearing bank and other borrowings	—	—	6,890,021	6,890,021
Corporate bonds	—	—	2,690,309	2,690,309
Total	3,709,702	117,634	10,891,780	14,719,116

45. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (Continued)

Group

Financial assets

	2013			
	Financial assets at fair value through profit or loss			
	Held for trading *RMB'000*	Loans and receivables *RMB'000*	Available-for-sale financial assets *RMB'000*	Total *RMB'000*
Trade and notes receivables	—	190,106	—	190,106
Financial assets included in other receivables	—	476,211	—	476,211
Available-for-sale investments	—	—	26,586	26,586
Equity investments at fair value through profit or loss	34,351	—	—	34,351
Loans receivable	—	860,000	—	860,000
Pledged deposits	—	164,500	—	164,500
Cash and cash equivalents	—	1,035,825	—	1,035,825
Total	34,351	2,726,642	26,586	2,787,579

45. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (Continued)

Group (Continued)

Financial liabilities

	2013			
	Financial liabilities at fair value through profit or loss			
	Designated as such upon initial recognition *RMB'000*	Held for trading *RMB'000*	Financial liabilities at amortised cost *RMB'000*	Total *RMB'000*
Financial liabilities at fair value through profit or loss	1,439,425	135,087	—	1,574,512
Trade payables	—	—	648,338	648,338
Financial liabilities included in other payables and accruals	—	—	1,016,238	1,016,238
Interest-bearing bank and other borrowings	—	—	6,447,070	6,447,070
Corporate bonds	—	—	2,686,046	2,686,046
Other long-term liabilities	—	—	44,870	44,870
Total	1,439,425	135,087	10,842,562	12,417,074

45. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (Continued)

Company

Financial assets

	2014			
	Financial assets at fair value through profit or loss			
	Held for trading	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes receivables	—	33,471	—	33,471
Financial assets included in other receivables	—	1,676,666	—	1,676,666
Available-for-sale investments	—	—	3,725	3,725
Equity investments at fair value through profit or loss	9,306	—	—	9,306
Derivative financial Instruments	51,981	—	—	51,981
Loans receivable	—	5,861,034	—	5,861,034
Pledged deposits	—	329,532	—	329,532
Cash and cash equivalents	—	578,748	—	578,748
Total	61,287	8,479,451	3,725	8,544,463

45. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (Continued)

Company (Continued)

Financial liabilities

	2014			
	Financial liabilities at fair value through profit or loss			
	Designated as such upon initial recognition *RMB'000*	Held for trading *RMB'000*	Financial liabilities at amortised cost *RMB'000*	Total *RMB'000*
Financial liabilities at fair value through profit or loss	3,187,920	96,211	—	3,284,131
Trade payables	—	—	252,788	252,788
Financial liabilities included in other payables and accruals	—	—	228,409	228,409
Interest-bearing bank and other borrowings	—	—	5,924,836	5,924,836
Corporate bonds	—	—	2,690,309	2,690,309
Total	3,187,920	96,211	9,096,342	12,380,473

45. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (Continued)

Company (Continued)

Financial assets

	2013		
		Financial assets at fair value through profit or loss	
	Loans and receivables	Held for trading	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and notes receivables	92,585	—	92,585
Financial assets included in other receivables	1,417,392	—	1,417,392
Equity investments at fair value through profit or loss	—	26,433	26,433
Loans receivable	5,919,067	—	5,919,067
Pledged deposits	116,500	—	116,500
Cash and cash equivalents	393,409	—	393,409
Total	7,938,953	26,433	7,965,386

45. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (Continued)

Company (Continued)

Financial liabilities

	2013			
	Financial liabilities at fair value through profit or loss			
	Designated as such upon initial recognition	Held for trading	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities at fair value through profit or loss	1,439,425	123,955	—	1,563,380
Trade payables	—	—	532,974	532,974
Financial liabilities included in other payables and accruals	—	—	239,533	239,533
Interest-bearing bank and other borrowings	—	—	5,749,522	5,749,522
Corporate bonds	—	—	2,686,046	2,686,046
Total	1,439,425	123,955	9,208,075	10,771,455

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's and the Company's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Group

	Carrying amounts		Fair values	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Financial assets				
Equity investments at fair value through profit or loss	**23,412**	34,351	**23,412**	34,351
Derivative financial instruments	**57,211**	—	**57,211**	—
Available-for-sale investments	**24,295**	26,586	**24,295**	26,586
Loans receivable, non-current portion	**37,000**	825,000	**37,677**	823,226
Total	**141,918**	885,937	**142,595**	884,163
Financial liabilities				
Financial liabilities at fair value through profit or loss	**3,827,336**	1,574,512	**3,827,336**	1,574,512
Interest-bearing bank and other borrowings, non-current portion	**2,173,987**	1,116,563	**2,196,188**	1,128,865
Corporate bonds	**2,690,309**	2,686,046	**2,670,270**	2,707,560
Other long-term liabilities, non-current portion	**—**	19,870	**—**	19,870
Total	**8,691,632**	5,396,991	**8,693,794**	5,430,807

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Company

	Carrying amounts		Fair values	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Financial assets				
Equity investments at fair value through profit or loss	**9,306**	26,433	**9,306**	26,433
Derivative financial instruments	**51,981**	—	**51,981**	—
Loans receivable, non-current portion	**3,803,170**	3,187,437	**3,802,717**	3,187,859
Total	**3,864,457**	3,213,870	**3,864,004**	3,214,292
Financial liabilities				
Financial liabilities at fair value through profit or loss	**3,284,131**	1,563,380	**3,284,131**	1,563,380
Interest-bearing bank and other borrowings, non-current portion	**1,931,897**	1,004,249	**1,954,097**	1,019,881
Corporate bonds	**2,690,309**	2,686,046	**2,670,270**	2,707,560
Total	**7,906,337**	5,253,675	**7,908,498**	5,290,821

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade notes and receivables, trade payables, financial assets included in prepayments, deposits and other receivables and financial liabilities included in other payables and accruals, the current portion of loans receivable, the current portion of interest-bearing bank and other borrowings, approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of loans receivable, interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2014 was assessed to be insignificant.

The fair values of equity investments at fair value through profit or loss, derivative financial instruments, available-for-sale investments, financial liabilities at fair value through profit or loss and corporate bonds are based on quoted market prices.

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

Group

As at 31 December 2014

	Quoted prices in active markets (Level 1) *RMB'000*
Equity investments at fair value through profit or loss	**23,412**
Derivative financial instruments	**57,211**
Available-for-sale investments	**24,295**
Total	**104,918**

As at 31 December 2013

	Quoted prices in active markets (Level 1) *RMB'000*
Equity investments at fair value through profit or loss	34,351
Available-for-sale investments	26,586
Total	60,937

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Assets measured at fair value: (Continued)

Company

As at 31 December 2014

	Quoted prices in active markets (Level 1) ***RMB'000***
Equity investments at fair value through profit or loss	**9,306**
Derivative financial instruments	**51,981**
Total	**61,287**

As at 31 December 2013

	Quoted prices in active markets (Level 1) *RMB'000*
Equity investments at fair value through profit or loss	26,433

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Liabilities measured at fair value: (Continued)

Group

As at 31 December 2014

	Quoted prices in active markets (Level 1) ***RMB'000***
Financial liabilities at fair value through profit or loss	**3,827,336**

As at 31 December 2013

	Quoted prices in active markets (Level 1) *RMB'000*
Financial liabilities at fair value through profit or loss	1,574,512

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Liabilities measured at fair value: (Continued)

Company

As at 31 December 2014

	Quoted prices in active markets (Level 1) ***RMB'000***
Financial liabilities at fair value through profit or loss	**3,284,131**

As at 31 December 2013

	Quoted prices in active markets (Level 1) *RMB'000*
Financial liabilities at fair value through profit or loss	1,563,380

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2013:Nil).

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Assets for which fair values are disclosed:

Group

As at 31 December 2014

	Significant observable inputs (Level 2) *RMB'000*
Loans receivable, non-current portion	**37,677**

As at 31 December 2013

	Significant observable inputs (Level 2) *RMB'000*
Loans receivable, non-current portion	823,226

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Assets for which fair values are disclosed: (Continued)

Company

As at 31 December 2014

	Significant observable inputs (Level 2) *RMB'000*
Loans receivable, non-current portion	**3,802,717**

As at 31 December 2013

	Significant observable inputs (Level 2) *RMB'000*
Loans receivable, non-current portion	3,187,859

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Liabilities for which fair values are disclosed:

Group

As at 31 December 2014

	Quoted prices in active markets (Level 1) *RMB'000*	**Significant observable inputs (Level 2)** *RMB'000*	**Total** *RMB'000*
Interest-bearing bank and other borrowings, non-current portion	**—**	**2,196,188**	**2,196,188**
Corporate bonds	**2,670,270**	**—**	**2,670,270**
Total	**2,670,270**	**2,196,188**	**4,866,458**

As at 31 December 2013

	Quoted prices in active markets (Level 1) *RMB'000*	Significant observable inputs (Level 2) *RMB'000*	Total *RMB'000*
Interest-bearing bank and other borrowings, non-current portion	—	1,128,865	1,128,865
Corporate bonds	2,707,560	—	2,707,560
Other long-term liabilities, non-current portion	—	19,870	19,870
Total	2,707,560	1,148,735	3,856,295

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Liabilities for which fair values are disclosed (Continued):

Company

As at 31 December 2014

	Quoted prices in active markets (Level 1) *RMB'000*	Significant observable inputs (Level 2) *RMB'000*	Total *RMB'000*
Interest-bearing bank and other borrowings, non-current portion	—	1,954,097	1,954,097
Corporate bonds	2,670,270	—	2,670,270
Total	2,670,270	1,954,097	4,624,367

As at 31 December 2013

	Quoted prices in active markets (Level 1) *RMB'000*	Significant observable inputs (Level 2) *RMB'000*	Total *RMB'000*
Interest-bearing bank and other borrowings, non-current portion	—	1,019,881	1,019,881
Corporate bonds	2,707,560	—	2,707,560
Total	2,707,560	1,019,881	3,727,441

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives and financial liabilities at fair value through profit or loss, comprise bank loans, corporate bonds, other interest-bearing loans, and cash and time deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and notes receivables and trade payables, which arise directly from its operations. In addition, the Group has financial instruments such as equity investments at fair value through profit or loss and available-for-sale investments, which arise directly from its investments activities.

The Group also enters into derivative transactions, including gold and copper forward contracts. The purpose is to manage the market price fluctuations on gold and copper from the Group's operations.

The main risks arising from the Group's financial instruments were liquidity risk, interest rate risk, commodity price risk, credit risk and equity price risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed facilities from banks to meet its commitments over the foreseeable future in accordance with its strategic plan.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

Group

	Less than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
2014				
Financial liabilities at fair value through profit or loss	**3,827,336**	**—**	**—**	**3,827,336**
Interest-bearing bank and other borrowings	**4,983,745**	**2,338,198**	**9,812**	**7,331,755**
Trade payables	**402,909**	**76,231**	**—**	**479,140**
Other payables	**832,310**	**—**	**—**	**832,310**
Corporate bonds	**134,880**	**2,894,760**	**—**	**3,029,640**
	10,181,180	**5,309,189**	**9,812**	**15,500,181**
2013				
Financial liabilities at fair value through profit or loss	1,574,512	—	—	1,574,512
Interest-bearing bank and other borrowings	5,498,867	1,210,653	72,821	6,782,341
Trade payables	433,712	214,626	—	648,338
Other payables	1,016,238	—	—	1,016,238
Corporate bonds	1,634,880	1,379,640	—	3,014,520
Other long-term liabilities	25,000	19,870	—	44,870
	10,183,209	2,824,789	72,821	13,080,819

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

Company

	Less than 1 year *RMB'000*	1 to 5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
2014				
Financial liabilities at fair value through profit or loss	**3,284,131**	**—**	**—**	**3,284,131**
Interest-bearing bank and other borrowings	**4,230,001**	**2,051,939**	**862**	**6,282,802**
Trade payables	**248,743**	**4,045**	**—**	**252,788**
Other payables	**228,409**	**—**	**—**	**228,409**
Corporate bonds	**134,880**	**2,894,760**	**—**	**3,029,640**
	8,126,164	**4,950,744**	**862**	**13,077,770**
2013				
Financial liabilities at fair value through profit or loss	1,563,380	—	—	1,563,380
Interest-bearing bank and other borrowings	4,823,510	1,143,338	1,722	5,968,570
Trade payables	487,876	45,098	—	532,974
Other payables	239,533	—	—	239,533
Corporate bonds	1,634,880	1,379,640	—	3,014,520
	8,749,179	2,568,076	1,722	11,318,977

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Interest rate risk

The Group's exposure to interest rate risk relates primarily to the Group's cash holdings, interest-bearing bank and other borrowings and corporate bonds. The Group manages its interest rate exposure from certain cash holdings through placing them into appropriate short-term deposits at a mixture of variable or fixed rates and manages the exposure from all of its interest-bearing loans through the use of fixed rates or floating rates.

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

A reasonably possible change of 100 basis points in interest rates would have no material impact on the Group's and the Company's profit and equity for the year.

Commodity price risk

The Group's exposure to price risk relates principally to the market price fluctuations on gold and copper which can affect the Group's results of operations.

During the year, under certain circumstances, the Group entered into Au (T+D) arrangements, which substantially are forward commodity contracts, in SGE to hedge potential price fluctuations of gold. Under those arrangements, the Group can forward buy or sell gold at the current day's price by depositing 10% of the total transaction amount. Subsequently, it can close the deal by either physically delivering the gold or entering into an offsetting arrangement. There is no restriction imposed on the settlement period. During the year, the Group had not entered into any long position under the Au (T+D) framework.

The Group also entered into copper cathode forward contracts in SHFE and gold forward contracts in SGE and SHFE for the sale of copper and gold leasing business.

The price range of the forward commodity contracts is closely monitored by management. Accordingly, a reasonable possible fluctuation of 10% in commodity prices would have no significant impact on the Group's profit and equity for the year.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk

The Group has no significant credit risk with customers since almost all gold and sales are made through the SGE and SHFE.

The Group's notes receivable are guaranteed by banks and the risk for default in payment is minimal. The carrying amounts of cash and cash equivalents, trade and notes receivables, and other receivables and loans receivable represent the Group's maximum exposure to credit risk attributable to its financial assets.

Substantial amounts of the Group's cash and cash equivalents are held in well-known financial institutions located in Mainland China and Hong Kong, which management believes are of high credit quality.

The Group has no significant concentration of credit risk with any single counterparty.

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group was exposed to equity price risk arising from individual listed equity investments classified as equity investments at fair value through profit or loss (note 28) as at 31 December 2014 and 2013. The Group's listed equity investments are listed on the Shanghai and Shenzhen stock exchanges, the Australian Securities Exchange and the Hong Kong Stock Exchange and are valued at quoted market prices at the end of the reporting period.

A reasonably possible change of equity price would have no material impact on the Group's profit and equity for the year.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Group made no change to its capital structure between 2014 and 2013.

The Group is currently funding its capital expenditure through corporate bonds and new bank borrowings and gold leasing business. Under normal circumstances, the Group monitors capital using a gearing ratio, which is net debt divided by the total equity plus net debt. The Group's policy is to maintain the gearing ratio between 20% and 60%. Net debt includes interest-bearing bank and other borrowings, corporate bonds, financial liabilities arose from the gold leasing business, less cash and cash equivalents. Capital represents the equity of the Group.

Group

	2014 ***RMB'000***	2013 *RMB'000*
Interest-bearing bank and other borrowings	**6,890,021**	6,447,070
Corporate bonds	**2,690,309**	2,686,046
Financial liabilities arose from the gold leasing business	**3,758,680**	1,563,380
Less: Cash and cash equivalents	**(1,254,916)**	(1,035,825)
Net debt	**12,084,094**	9,660,671
Total equity	**9,749,964**	9,322,798
Total equity and net debt	**21,834,058**	18,983,469
Gearing ratio	**55.3%**	50.9%

48. EVENT AFTER THE REPORTING PERIOD

1) On 23 January 2015, the Company issued a Super Short-term Bond to the public through China Ever-Bright with a par value of RMB1 billion to meet the company's working capital requirement for operating activities. The bond carries a fixed interest at 4.70% per annum with a term of 270 days.

2) On 18 March 2015, the Company issued a Medium-term Note to institutional investors in the PRC inter bond market with a par value of RMB500 million to meet the company's working capital requirement for operating activities. The bond carries a fixed interest at 5.90% per annum for the first five years, and will be reset every five years subsequently. On the fifth and each of the subsequent interest payment day of the Medium-term Notes, the Company is entitled to redeem the Medium-term Note at par value in addition to payable interests (including all deferred interests).

49. COMPARATIVE FIGURES

Certain comparative amounts have been reclassified and restated to conform with the current year's presentation.

50. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 20 March 2015.