中國大冶有色金屬礦業有限公司
China Daye Non-Ferrous Metals Mining Limited

(Incorporated in Bermuda with limited liability)
Stock Code : 00661

2014 Annual Report

Mineral Resources

HUBEI MINES

Daye City
1. Tonglvshan Mine
2. Tongshankou Mine

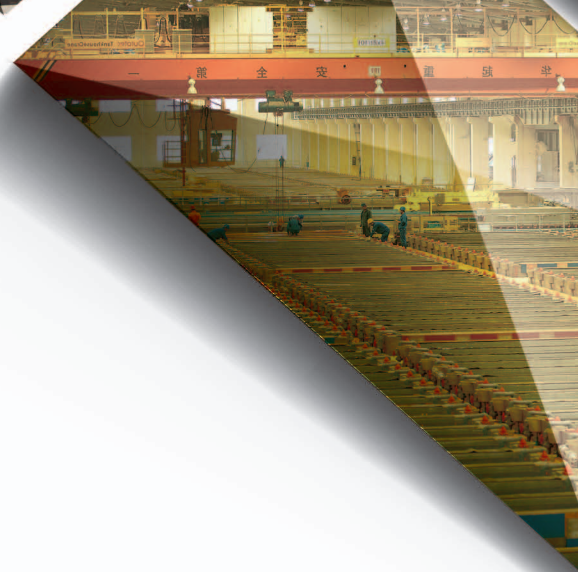
Yangxin County
3. Fengshan Mine
4. Chimashan Mine

XINJIANG MINES

Wuqia County
5. Sareke Copper Mine

Hami City
6. Hami Mine





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Corporate Information

BOARD OF DIRECTORS

Executive Directors:

Zhang Lin *(Chairman)*
Long Zhong Sheng *(Chief Executive Officer)*
Zhai Baojin
Tan Yaoyu

Independent Non-executive Directors:

Wang Qihong
Wang Guoqi
Liu Jishun (appointed on 31 July 2014)
Qiu Guanzhou (resigned on 31 July 2014)

AUDIT COMMITTEE/ REMUNERATION COMMITTEE

Wang Guoqi *(Chairman)*
Wang Qihong
Liu Jishun (appointed on 31 July 2014)
Qiu Guanzhou (resigned on 31 July 2014)

NOMINATION COMMITTEE

Zhang Lin *(Chairman)*
Wang Guoqi
Wang Qihong
Liu Jishun (appointed on 31 July 2014)
Qiu Guanzhou (resigned on 31 July 2014)

COMPANY SECRETARY

Yeung Wing Kwan

LEGAL ADVISERS

As to Hong Kong law:
Paul Hastings

As to Bermuda law:
Conyers, Dill & Pearman

AUDITOR

Deloitte Touche Tohmatsu

BANKERS

Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
Bank of Communications Co., Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

18th Floor,
No. 8 Queen's Road Central,
Central, Hong Kong

PRINCIPAL REGISTRAR

MUFG Fung Services (Bermuda) Limited
Belvedere Building
69 Pitts Bay Road
Pemborke HM08
Bermuda

HONG KONG BRANCH REGISTRAR

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

STOCK CODES

Ordinary shares: 661
Preference shares: 421
(de-listed on 27 October 2014)

Biographical Details of Directors

EXECUTIVE DIRECTORS

Mr. Zhang Lin, aged 53, has been the Chairman and an executive director of the Company since 2012. Mr. Zhang obtained a bachelor's degree in mineral engineering from Central South University (中南大學) in 1986 and a doctorate degree in mineral processing engineering from Central South University (中南大學) in 2008. Mr. Zhang was accredited as a senior engineer in mineral processing by the Employees Reform Office of Hubei Province in April 2004. Since 2005, Mr. Zhang had served as the deputy manager, the general manager and a director of Daye Nonferrous Metals Co., Ltd ("Daye Metal"), a subsidiary of the Company. Mr. Zhang was also the deputy manager and the manager of 大冶有色金屬集團控股有限公司 (Daye Nonferrous Metals Corporation Holdings Limited) (the "Parent Company") from 1998 to 2010. He is currently the chairman and director of the Parent Company, Daye Metal and the Company. Mr. Zhang has over 25 years of experience in mineral processing.

Mr. Long Zhong Sheng, aged 52, has been the Chief Executive Officer and an executive director of the Company since 2012 and 2011, respectively. Mr. Long obtained a bachelor's degree in mining engineering from Central South University (中南大學) in 1987. He holds a master's degree in mineral processing from Central South University (中南大學) and is a senior mineral processing engineer. He began his career in mining engineering at 豐山銅礦 (Feng Shan Copper Mine) in the People's Republic of China (the "PRC") in 1987 and acted as its chief executive from 1998 to 2002. He had also been the chief executive of 銅綠山礦 (Tong Lu Shan Mine) in the PRC from 2006 to 2008. Mr. Long has over 25 years of experience in the management field of mining industry.

Mr. Zhai Baojin, aged 48, has been an executive director of the Company since 2012. Mr. Zhai is graduated in economics and management from the Party School of Hubei Province in 2007. Mr. Zhai was accredited as a senior engineer in metallurgy by the Employees Reform Office of Hubei Province in June 2006. Mr. Zhai joined Daye Metal in April 2005 and was appointed as its director in September 2006 and has also served as its general manager. He had served as the factory head of the smelting plant located in No. 1, Yelian Road, Xin Xialu, Huangshi City, Hubei Province, the PRC, and also the deputy general manager in general affairs and the deputy general manager of Daye Metal since April 2005. Mr. Zhai was the technician, factory head and the deputy manager of the Parent Company from 1986 to 2010. Mr. Zhai is currently the deputy manager and a director of Parent Company. Mr. Zhai has over 25 years of experience in the smelting industry.

Mr. Tan Yaoyu, aged 42, has been an executive director of the Company since 2012. Mr. Tan is also the director of Daye Metal and has over 20 years of experience in the mining industry. Mr. Tan is graduated in economics and management from the Party School of Hubei Province in 2007. Mr. Tan was accredited as a senior accountant by the Employees Reform Office of Hubei Province in December 2010. Mr. Tan joined Daye Metal in December 2008 and served as its financial director until October 2009. Mr. Tan was then appointed as a director of Daye Metal in September 2011. He is currently the chief accountant and a member of the Standing Committee of the Parent Company. Prior to joining Daye Metal, Mr. Tan was the deputy financial director and the cost controller of the Parent Company from 1998 to 2008.

Biographical Details of Directors

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wang Guoqi, aged 53, has been an independent non-executive director of the Company since 2006. Mr. Wang is a qualified accountant of The Chinese Institute of Certified Public Accountants, the PRC. Mr. Wang has extensive experience in accounting and financing areas in different industries. Currently, he is the managing partner of Hua-Ander Certified Public Accountants in the PRC. Mr. Wang holds a bachelor's degree in financial accounting and a master's degree in economics from Renmin University of China in 1982 and 1985, respectively, and also a doctor's degree in philosophy from The University of London, the United Kingdom.

Mr. Wang Qihong, aged 61, has been an independent non-executive director of the Company since 2006. Mr. Wang has extensive experience in postal and tele-communications field in the PRC. Mr. Wang was a deputy manager of Town Khan Limited from 1992 to 2001. Mr. Wang graduated in foreign language from Liaoning University, the PRC.

Mr. Liu Jishun, aged 57, is a professor and doctoral supervisor in Central South University (the "CSU"). Mr. Liu has been an independent non-executive director of the Company since July 2014. Mr. Liu obtained a bachelor's degree in geology, a master's degree in geology and a doctoral degree in earth sciences from Nanjing University in January 1982, July 1986, and July 1989, respectively. He was assigned to the Research Institute NO.230. China National Nuclear Corporation in Changsha (核工業長沙230研究所) in January 1982. He worked as a researcher from October 1989 to October 1991 for the post-doctoral programme of geological exploration and mining petroleum in Central South University of Technology, which was then merged into the CSU. He joined the CSU as a lecturer of geology in November 1991 and was later promoted to professor. He is devoted to the theoretical research on ore-formation and the practice of ore exploration, and specializes in regional metallogeny, exploration system engineering and practicality assessment for mining. He was involved in the discovery of gold deposits in Qingyaigou (青崖溝), Gansu, PRC and the copper and gold deposits in Ka Latage (卡拉塔格), Xinjiang, the PRC. Mr. Liu has held numerous positions related to geology in multiple companies. For example, he was the research team leader of the Sanjiang exploration project (三江找礦工程) of China National Nonferrous Metals Industry Corporation (中國有色金屬工業總公司), as well as the advisor to each of Southwest China Nonferrous Geological Exploration Bureau (西南有色地勘局), Yunnan Copper (Group) Co., Ltd. (雲南銅業集團), Hubei Provincial Huangmailing Phosphate Chemical Co., Ltd. (湖北黃麥嶺磷化工集團), Guangdong Yunfu Guangye Pyrite Group Limited (廣東雲浮硫鐵礦集團), the joint research institute of Xinjiang Non-ferrous Metal Group and CSU (新疆有色中南大學聯合研究院), Mengzi Mining and Metallurgy Co., Ltd. (蒙自礦冶) and Guixin Mining Industry Development Co., Ltd. (桂新礦業有限公司). He also acted as the mine exploitation advisor in Lincang, Yunnan, the PRC and as a Guangdong Province corporate technology correspondent (廣東省企業科技特派員). He served as a member of the 13th and 14th term of expert valuation team to the National Natural Science Foundation of China (國家自然科學基金委).

COMPANY SECRETARY

Ms. Yeung Wing Kwan, aged 32, has been the company secretary of the Company (the "Company Secretary") since 2012. Ms. Yeung graduated with a bachelor's degree in commerce from The University of Sydney. She is a member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. She has many years of company secretary practice in listed companies in Hong Kong.

Zhang Lin
Chairman of the Board

Chairman's Statement

The Company endeavors to become a "world-class copper enterprise widely recognized in the global market". We strive for excellence in quality and work hard to be a model enterprise for the society.

Adhering to the "market-oriented and efficiency-focused" management philosophy, the Company will push ahead with its five core development strategies, i.e., "Resources Enhancement, Scale Expansion, Structural Optimisation, Efficient Use of Capital Markets and Growth of Talents", in order to drive the second boom for corporate development of China Daye Non-Ferrous Metals.

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "Board") of China Daye Non-Ferrous Metals Mining Limited (the "Company"), I am pleased to present to the shareholders of the Company (the "Shareholders") the annual report of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014.

2014 was a challenging year for the Company. Economic growth of China continued to slow down. Non-ferrous metal prices remained low and operational risks continued to increase. Nonetheless, with the support from every unit, the Company maintained a stable and rapid growth despite the above unfavourable conditions.

Revenue from business operations for the year ended 31 December 2014 amounted to approximately RMB42,808,295,000 (2013: RMB43,598,452,000), representing a year-on-year decline of approximately 1.81%. Loss attributable to owners of the Company was approximately RMB95,553,000 (2013: approximately RMB1,949,229,000), mainly attributable to a decrease in product prices and the impairment for mining rights of RMB175,636,000 made during the year. Comparing with 2013, the Group's impairment of goodwill and mining rights decreased by RMB1,972,203,000.

OPERATION RESULTS

Production targets for the year were fulfilled thanks to the efforts of different units. A total of approximately 25,000 tonnes of mined copper was produced, up by 14.16%. The Company also produced 461,000 tonnes of copper cathode, up by 7.05% from the previous year; 896 tonnes of precious metals (including 20 tonnes of gold, 865 tonnes of silver, 5.5 kg of platinum and 265.5 kg of palladium and 11 tonnes of tellurium), up by 63.81% year-on-year; 1,023,000 tonnes of chemical products (including 1,022,000 tonnes of sulphuric acid, 609 kg of ammonium perrhenate, 417 tonnes of nickel sulphate, 921 tonnes of copper sulfate and 152.3 tonnes of crude selenium), up by approximately 4.23% year-on-year; and 297,000 tonnes of iron concentrate.

In 2014, the production and operation of the Company faced numerous challenges and difficulties. The unfavourable factors affecting the Company are as follows:

1. Market price: Despite the significant increase in the production capacity of mines, expected profits are unlikely to be realised due to the decrease in copper price.

2. Soaring costs: Costs including labour costs, expenses for environmental protection and finance costs are soaring.

3. Increasing risks: Attributable to the unpredictability of the financial market and mounting exchange rate and interest rate risks under the pressure of economic downturn, risks of receivables and contract performance increased.

4. Effects of policies: Support from the government has been decreasing. In order to create a fair market environment, the government is not likely to promulgate large-scale stimulus policies again and has started to reduce specific policies and financial support for state-owned enterprises.

Chairman's Statement

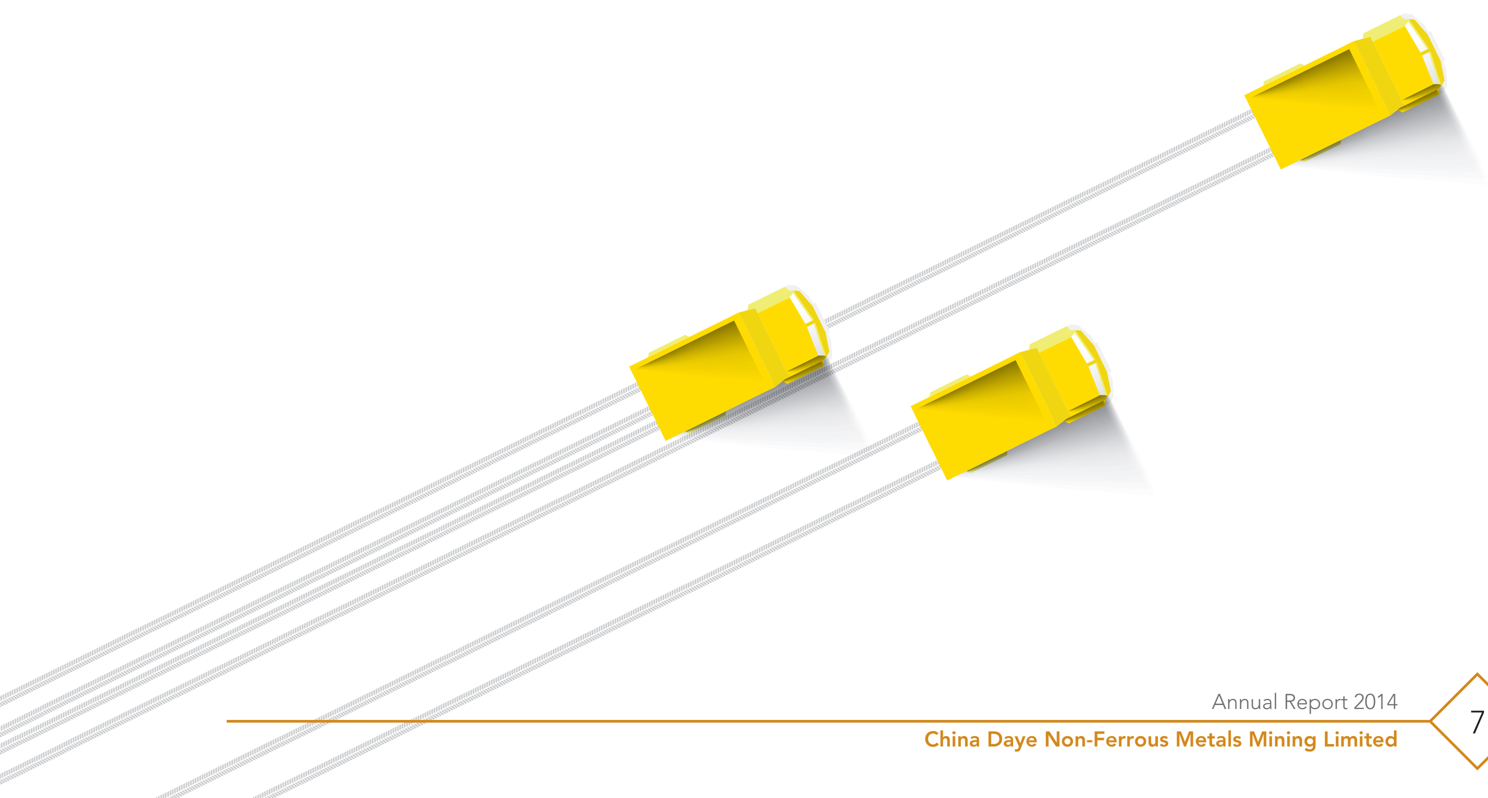
MARKET PROSPECTS

The global economy remains highly uncertain in 2015. From a maro-economic prospective, the global economy is yet to recover from the international financial crisis while trade protectionism emerges as a major issue in international trade. There are signs of economic recovery but at difference paces for different countries and the recovery is very fragile. The non-ferrous metals industry is still very weak and the market is full of uncertainties, making it hard to manage the market risks. On the other hand, the world's major economies are still showing different development trends. The U.S. dollar will continue to strengthen as it becomes more appealing to investors who seek safe-haven currencies for investment, which will bring pressure on copper prices. However, the Chinese economy is still in a transitional period of structural adjustment. Despite the overall steady economic conditions of China, copper consumption will see slower growth due to changes in production demand in various aspects.

Copper prices are expected to remain at low level in 2015, mainly due to the continuous appreciation of U.S. dollar, higher interest rate of U.S. bonds and weaker demand from global economies for non-ferrous metals.

According to the International Copper Study Group, the global output of copper concentrate and copper concentrate in 2015 is expected to increase by 4.29% and 7% to 23,056,000 tonnes and 19,816,000 tonnes respectively. Global copper smelting projects will continue to increase and China will account for a major share in terms of the distribution structure in 2015. Moreover, with rising human resources and environmental protection costs for non-ferrous metal enterprises in 2015, significant improvement in financing costs faced by non-ferrous metals enterprises is unlikely in the short-term. As such, the operation environment for non-ferrous enterprises in 2015 will continue to be challenging.

According to the General Administration of Customs of the People's Republic of China, copper concentrate imports in 2014 amounted to 11,863,300 tonnes, representing an increase of 17.8% over last year, mainly due to increased copper concentrate imports of smelting plants which resulted from the rising processing fees and the decline in import prices of copper concentrate. In 2015, the copper concentrate imports of China is expect to reach 14,236,000 tonnes, among which 700,000 tonnes is expected to be imported by the Group. Moreover, the Group will endeavour to further improve its productivity to generate higher income.



Chairman's Statement

Based on the above uncertainties, the Group will focus on resolving the development challenges and the inherent problems of the industry. In addition, the Company intends to carry out reforms and innovations to enhance staff quality and efficiency. It will also attach great importance to anti-corruption activities and strengthen process management so as to maintain its competitive edges and improve competitiveness. Moreover, the Group will try to take advantage of low copper price and seize appropriate merger and acquisition investment projects.

I am confident that our shareholders' value will increase as a result of the economic growth of China and the successful implementation of our business strategy. I look forward to sharing our significant development in future. Last but not least, I, on behalf of the Board, would like to thank all the Shareholders and the dedicated and diligent staff for their continuous support to the Group. I, on behalf of the Group, hereby express our deep gratitude to our customers, suppliers and other business partners for their confidence and trust in the Group.

Zhang Lin
Chairman of the Board

Management Discussion and Analysis

BUSINESS REVIEW

Revenue

For the year ended 31 December 2014, the Group recorded revenue of approximately RMB42,808,295,000 (2013: RMB43,598,452,000), representing a decrease of approximately 1.81% from the previous year. The decrease was mainly attributable to the decrease in product prices and lower trading revenue earned following the disposal of subsidiaries in 2013 (which are currently accounted for as joint ventures), upon which their revenue was no longer consolidated in 2014.

Cost of sales/services

For the year ended 31 December 2014, the cost of sales/services of the Group amounted to approximately RMB42,010,068,000 (2013: RMB42,702,412,000), representing a decrease of approximately 1.62% from the previous year, which was primarily due to the decreases in sales coupled with our implementation of cost control measures to lower production costs.

Gross profit

Gross profit decreased by RMB97,813,000 to RMB798,227,000, compared with RMB896,040,000 in the same period of 2013. This decrease in gross profit was mainly due to the effect of the decrease in product prices while production costs remained high.

Other income

Other income for the year ended 31 December 2014 amounted to approximately RMB174,823,000 (2013: RMB78,452,000), representing an increase of approximately 122.84% from the previous year. The increase is primarily due to the increase in subsidies for interest (incurred on imported copper ores) and employees medical expenses.

Administrative expenses

Administrative expenses for the year ended 31 December 2014 amounted to approximately RMB346,574,000 (2013: RMB344,211,000), representing an increase of approximately 0.69% from the previous year. The increase was primarily due to the increase in the various office expenses as a result of our continuous expansion of our business.

Other losses/gains, net

Other losses, net for the year ended 31 December 2014 amounted to approximately RMB137,191,000 (2013: a net gain of RMB56,492,000), representing a decrease of approximately 342.85% from the previous year. The decrease is primarily due to the increase in gains on fair value changes from commodity derivatives contracts and derivative component on convertible notes/bonds, offset by the loss on fair value changes from gold loans designated as financial liabilities at fair value and net exchange losses during the year. Besides, the Group recognised reversal of provision upon obligation discharged and gain on disposal of subsidiaries in 2013 that were not incurred in 2014.

Finance costs

Finance costs for the year ended 31 December 2014 amounted to approximately RMB529,002,000 (2013: RMB536,801,000), representing a decrease of approximately 1.45% from the previous year, which was primarily due to the increase in capitalisation of borrowing costs in the cost of qualifying assets during the year due to the continuous expansion of our production capacity.

Management Discussion and Analysis

Share of results of joint ventures

Share of results of joint ventures for the year ended 31 December 2014 amounted to a loss of approximately RMB22,901,000 (2013: Nil). Upon the Group's disposal of certain subsidiaries on 27 December 2013, these companies have been accounted for as joint ventures of the Group. The loss during the year is primarily due to the decrease in profit from non-ferrous metals trading margin and increased borrowing costs in the facilitation of their trading activities.

Income tax credit/expense

Income tax credit for the year ended 31 December 2014 amounted to approximately RMB31,641,000, representing an increase of approximately 204.12% from the previous year (2013: income tax expense RMB30,389,000). The increase mainly reflects the deferred tax effect recognised due to the impairment loss of mining right.

Loss before tax

As a result of the foregoing factors, loss before tax for the year ended 31 December 2014 was approximately RMB158,210,000 (2013: loss of RMB1,937,336,000).

Loss for the year

As a result of the foregoing factors, loss for the year ended 31 December 2014 amounted to approximately RMB126,569,000 (2013: loss for the year of RMB1,967,725,000).

Loss attributable to owners of the Company

The Group reported a loss attributable to owners of the Company of RMB95,553,000 for the year ended 31 December 2014, representing a decrease in the loss attributable to owners of the Company of RMB1,949,229,000 reported for the corresponding period last year by RMB1,853,676,000. This significant decrease in loss was mainly attributable to the decrease in impairment for goodwill and mining rights by RMB1,972,203,000 in 2014. Such impairment losses were made in relation to the unfavorable future prospect of the Group's business due to the forecasted low selling prices of the Group's products and expected decrease in profit margin as a result of the slowdown of the global economy.

Loss per share

For the year ended 31 December 2014, basic loss per share amounted to RMB0.55 fen, representing a decrease of approximately RMB10.7 fen from the previous year.

Mineral Resources and Ore Reserves

As at 31 December 2014, the Company held a total of six mines located in Hubei and Xinjiang.

The following table sets out the mineral information of each mine as at 31 December 2014.

Abundant and high quality mineral resources

	Hubei Mines								Xinjiang Mines			
	Tonglvshan Mine		Fengshan Mine		Tongshankou Mine		Chimashan Mine		Sareke Copper Mine		Hami Mine	
Geographical location	Daye City		Yangxin County		Daye City		Yangxin County		Wuqia county		Hami City	
Ownership	95.35%		95.35%		95.35%		95.35%		55%		91.32%	
Approximate total area (square kilometres)	4.76		2.35		1.71		0.44		1.23		11.14	
Year for operation commencement	1971		1972		1984		1958		Commercial production not yet commenced		Commercial production not yet commenced	
Metals with economic values available for exploration	Copper, gold, silver and iron		Copper, gold, silver and molybdenum		Copper, gold, silver and molybdenum		Copper, gold, silver and molybdenum		Copper, silver		Copper	
Major products	Copper concentrate (containing gold, silver), iron concentrate		Copper concentrate (containing gold, silver), molybdenum concentrate		Copper concentrate (containing gold, silver), molybdenum concentrate		Copper concentrate (containing gold, silver), molybdenum concentrate		Copper concentrate (containing silver)		Copper concentrate	
Average copper grade	1.11%		0.8%		0.61%		0.85%		1.08%	0.82%	0.71%	0.66%
JORC classification	Indicated	Inferred	Indicated	Inferred	Indicated	Inferred	Indicated	Inferred	Indicated	Inferred	Indicated	Inferred
Ore quantity (million tonnes)	15.35	15.44	13.09	9.60	37.44	19.97	0.297	0.256	18.59	1.90	21.47	8.45
Resources metal quantity												
Copper (tonnes)	175,100	165,900	107,400	74,800	235,200	113,200	1,640	3,040	200,030	15,540	152,000	55,400
Iron (million tonnes)	13.03	11.34	–	–	–	–	–	–	–	–	–	–
Molybdenum (tonnes)	–	–	600	940	3,240	4,610	2	35	–	–	–	–
Gold (ounce)	282,000	310,000	–	–	–	–	–	–	–	–	–	–
Silver (thousand ounce)	2,350	3,140	–	–	–	–	–	–	–	–	–	–

Notes: (1) The mineral resources and ore reserves in the above table are estimated in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2004 edition), as published by the Australasian Joint Ore Reserves Committee comprising representatives from the Minerals Council of Australia, the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists (the "JORC Code").

(2) All resources quantities are estimated based on information up to 31 December 2014 for the Hubei Mines and Sareke Copper Mine and 31 July 2011 for Hami Mine. There was no material change during the period from 31 July 2011 to 31 December 2014 on the estimates for Hami Mine.

Management Discussion and Analysis

Tonglvshan Project Summary

As at 31 December 2014, according to JORC standard, copper mineral resources and copper ore reserves of the Tonglvshan Project amounted to 341,000 tonnes and approximately 30.79 million tonnes, respectively. Further details are set out below:

Resources and reserves summary (JORC Code)

JORC classification (In licence CuEq>0.3%)	Copper and Iron Quantity *(million tonnes)*	Cu *(%)*	Fe *(%)*	Gold and Silver Quantity *(million tonnes)*	Au *gram/ tonne*	Ag *gram/ tonne*
Resources						
Indicated	15.35	1.14	27.59	13.03	0.67	5.60
Inferred	15.44	1.07	29.66	11.34	0.85	8.62
Total	**30.79**	**1.11**	**28.63**	**24.37**	**0.76**	**7.00**
Reserves						
Probable (in mining licence)	10.83	1.22	25.38	10.83	0.60	4.22
Probable (in exploration licence)	2.42	0.67	33.47	2.42	0.46	6.35
Total Probable	**13.25**	**1.12**	**26.86**	**13.25**	**0.57**	**4.61**

Note:

(1) The mineral resource and ore reserve estimates prepared in accordance with JORC Code are based on information up to 31 December 2014. Please refer to the explanatory notes on page 16 for details of the assumptions and parameters used to calculate these resource and reserve numbers and qualities of metals.

As at 31 December 2014, according to PRC standard, copper mineral resources and copper ore reserves of the Tonglvshan Project amounted to 362,801 tonnes and approximately 26.4476 million tonnes, respectively. Further details are set out below:

Resources and reserves summary (PRC standard)

Mines types	Accumulated Ore quantity *(10,000 tonnes)*	Accumulated Metal quantity *(tonne)*	Accumulated Grade *(%)*	Retained Ore quantity *(10,000 tonnes)*	Retained Metal quantity *(tonne)*	Retained Grade *(%)*
Copper	8,258	1,342,197	1.63	2,645	362,801	1.404
Iron	7,424	–	39.42	2,352	–	32.3
Molybdenum	61	921	0.151	54	867	0.16
Associated gold	7,727	83	1.07g/t	2,376	24	1g/t
Associated silver	7,727	681	8.81g/t	2,376	202	8.49g/t

Note:

(1) The PRC resources reserve report was prepared by Daye Non-ferrous Design and Research Institute Company Limited (大冶有色設計研究院有限公司) and was verified by the Department of Land and Resources of Hubei Province as a valid report.

Management Discussion and Analysis

Fengshan Project Summary

As at 31 December 2014, according to JORC standard, copper mineral resources and copper ore reserves of the Fengshan Project amounted to 182,200 tonnes and approximately 22.69 million tonnes, respectively. Further details are set out below:

Resources and reserves summary (JORC Code)

				Metal Quantity	
JORC classification (In licence CuEq>0.3%)	**Quantity** *(million tonnes)*	**Cu** *(%)*	**Mo** *(%)*	**Cu** *(tonne)*	**Mo** *(tonne)*
Resources					
Indicated	13.09	0.82	0.005	107,400	600
Inferred	9.60	0.78	0.010	74,800	940
Total	**22.69**	**0.80**	**0.007**	**182,200**	**1,540**
Reserves					
Probable	4.36	1.01	0.004		
Total Probable	**4.36**	**1.01**	**0.004**		

Note:

(1) The mineral resource and ore reserve estimates prepared in accordance with JORC Code are based on information up to 31 December 2014. Please refer to the explanatory notes on page 16 for details of the assumptions and parameters used to calculate these resource and reserve numbers and qualities of metals.

As at 31 December 2014, according to PRC standard, copper mineral resources and copper ore reserves of the Fengshan Project amounted to 181,626 tonnes and approximately 20.6511 million tonnes, respectively. Further details are set out below:

Resources and reserves summary (PRC standard)

	Accumulated			Retained		
Mines types	**Ore quantity** *(10,000 tonnes)*	**Metal quantity** *(tonne)*	**Grade** *(%)*	**Ore quantity** *(10,000 tonnes)*	**Metal quantity** *(tonne)*	**Grade** *(%)*
Copper	5,234	511,433	0.98	2,065	181,626	0.88
Associated gold	5,437	18	0.34g/t	2,269	7	0.29g/t
Associated silver	5,437	977	17.97g/t	2,269	349	15.40g/t
Coexisting and associated Molybdenum	2,710	3,652	0.135	494	3,942	0.080

Note:

(1) The PRC resources reserve report was prepared by Daye Non-ferrous Design and Research Institute Company Limited (大冶有色設計研究院有限公司) and was verified by the Department of Land and Resources of Hubei Province as a valid report.

Management Discussion and Analysis

Tongshankou Project Summary

As at 31 December 2014, according to JORC standard, copper mineral resources and copper ore reserves of the Tongshankou Project amounted to 348,400 tonnes and approximately 57.41 million tonnes, respectively. Further details are set out below:

Resources and reserves summary (JORC Code)

Cut Off Grade	JORC Classification	Quantity (million tonnes)	Cu (%)	Mo (%)
Resources				
In licence	Indicated	10.05	0.58	0.010
Open cut area	Inferred	0.13	0.56	0
CuEq>0.2%	**Total**	**10.18**	**0.58**	**0.010**
In licence	Indicated	27.34	0.65	0.008
Underground area	Inferred	17.25	0.58	0.022
CuEq>0.3%	**Total**	**44.59**	**0.62**	**0.013**
Out of licence	Indicated	0.05	0.40	0.034
Underground area	Inferred	2.59	0.46	0.033
CuEq>0.3%	**Total**	**2.64**	**0.46**	**0.033**
Total	Indicated	37.44	0.63	0.009
Open cut & underground area	Inferred	19.97	0.56	0.023
In and out of licence	**Total**	**57.41**	**0.61**	**0.014**
Reserves				
Open cut area	Probable	7.37	0.64	0.010
Underground area	Probable	6.78	0.85	0.007
	Total	**14.15**	**0.74**	**0.010**

Note:

(1) The mineral resource and ore reserve estimates prepared in accordance with JORC Code are based on information up to 31 December 2014. Please refer to the explanatory notes on page 16 for details of the assumptions and parameters used to calculate these resource and reserve numbers and qualities of metals.

Management Discussion and Analysis

As at 31 December 2014, according to PRC standard, copper mineral resources and copper ore reserves of the Tongshankou Project amounted to 320,900 tonnes and approximately 38.5585 million tonnes, respectively. Further details are set out below:

Resources and reserves summary (PRC standard)

Mines types	Accumulated			Retained		
	Ore quantity *(10,000 tonnes)*	Metal quantity *(tonne)*	Grade *(%)*	Ore quantity *(10,000 tonnes)*	Metal quantity *(tonne)*	Grade *(%)*
Copper	6,206	521,168	0.84	3,075	292,667	0.95
Low grade copper	1,244	45,912	0.37	780	28,218	0.37
Molybdenum	6,331	26,347	0.0416	199	2,310	0.116
Associated Molybdenum	4,837	18,280	0.038	3,610	13,749	0.037

Note:

(1) The PRC resources reserve report was prepared by Daye Non-ferrous Design and Research Institute Company Limited (大冶有色設計研究院有限公司) and was verified by the Department of Land and Resources of Hubei Province as a valid report.

Chimashan Project Summary

As at 31 December 2014, according to JORC standard, copper mineral resources and copper ore reserves of the Chimashan Project amounted to 4,680 tonnes and approximately 553,000 tonnes, respectively. Further details are set out below:

Resources and reserves summary (JORC Code)

Cut Off Grade	JORC Classification	Quantity *(million tonnes)*	Cu *(%)*	Mo *(%)*
Resources				
In licence	Indicated	0.073	0.71	0
	Inferred	0.003	0.64	0.004
CuEq>0.3%	**Total**	**0.076**	**0.70**	**0**
Out of licence	Indicated	0.224	0.50	0.001
	Inferred	0.253	1.19	0.014
CuEq>0.3%	**Total**	**0.477**	**0.87**	**0.008**
Total	Indicated	0.297	0.55	0.001
In and out of licence	Inferred	0.256	1.18	0.014
	Total	**0.553**	**0.85**	**0.007**
Reserves				
	Probable	0.016	0.73	0
	Probable total	**0.016**	**0.73**	**0**

Note:

(1) The mineral resource and ore reserve estimates prepared in accordance with JORC Code are based on information up to 31 December 2014. Please refer to the explanatory notes on page 16 for details of the assumptions and parameters used to calculate these resource and reserve numbers and qualities of metals.

Management Discussion and Analysis

As at 31 December 2014, according to PRC standard, copper mineral resources and copper ore reserves of the Chimashan Project amounted to 600 tonnes and approximately 67,000 tonnes, respectively. Further details are set out below:

Resources and reserves summary (PRC standard)

Mines types	Accumulated			Retained		
	Ore quantity *(10,000 tonnes)*	Metal quantity *(tonne)*	Grade *(%)*	Ore quantity *(10,000 tonnes)*	Metal quantity *(tonne)*	Grade *(%)*
Copper	569	68,543	1.2	6.7	606	0.9

Note:

(1) The PRC resources reserve report was prepared by Daye Non-ferrous Design and Research Institute Company Limited (大冶有色設計研究院有限公司) and was verified by the Department of Land and Resources of Hubei Province as a valid report.

Sareke Project Summary

As at 31 December 2014, according to JORC standard, copper mineral resources and copper ore reserves of the Sareke Project amounted to 215,570 tonnes and approximately 20.49 million tonnes, respectively. Further details are set out below:

Mineral Resources summary (JORC Code)

	JORC Classification	Resources tonnage *(million tonnes)*	Copper grade *(%)*	Copper metal *(tonnes)*
Resources	Indicated	18.59	1.08	200,030
	Inferred	1.90	0.82	15,540
	Total	**20.49**	**1.05**	**215,570**

Minerals reserves summary (JORC Code)

	Elevation (m)	Probable Tonnage *(1,000 tonnes)*	Copper (%)	Metal Quantity *(tonne)*
	>=2,900	490	0.95	4,690
	2,790~2,900	748	0.81	6,040
Reserves	2,730~2,790	1,020	1.11	11,290
	2,670~2,730	5,346	1.39	74,230
	<=2,670	2,561	0.71	18,120
	Total	**10,165**	**1.13**	**114,370**

Note:

(1) The mineral resource and ore reserve estimates prepared in accordance with JORC Code are based on information up to 31 December 2014. Please refer to the explanatory notes on page 16 for details of the assumptions and parameters used to calculate these resource and reserve numbers and qualities of metals.

As at 31 December 2014, according to PRC standard, copper mineral resources and copper ore reserves of the Sareke Project amounted to 535,000 tonnes and approximately 63.43 million tonnes, respectively. Further details are set out below:

Resources summary (PRC standard)

Mines types	Retained		
	Ore quantity (10,000 tonnes)	Metal quantity (tonne)	Grade (%)
Copper	6,375	534,999	0.84
Associated silver	–	665	10.48

Note:

(1) The PRC resources reserve report was prepared by Daye Non-ferrous Design and Research Institute Company Limited (大冶有色設計研究院有限公司) and was verified by the Department of Land and Resources of Hubei Province as a valid report.

Hami Project Summary

As at 31 December 2014, according to JORC standard, copper mineral resources and copper ore reserves of the Hami Project amounted to 207,400 tonnes and approximately 29.92 million tonnes, respectively. Further details are set out below:

Mineral resources summary (JORC Code)

Location	Tonnage (million tonnes)	Grade (% copper)	Copper content (million pounds)	Copper content (tonnes)
Indicated Resources				
Main Lens	21.47	0.71	335	152,000
Other Lenses	–	–	–	–
Total	**21.47**	**0.71**	**335**	**152,000**
Inferred Resources				
Main Lens	7.12	0.68	106	48,100
Other Lenses	1.33	0.55	16	7,300
Total	**8.45**	**0.66**	**122**	**55,400**

Note:

(1) The mineral resource and ore reserve estimates prepared in accordance with JORC Code are based on information up to 31 July 2011, as disclosed in the Company's circular dated 29 December 2011 in relation to the reverse takeover transaction. Please refer to the same for details of the assumptions and parameters used to calculate these resource and reserve numbers and qualities of metals.

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

Management Discussion and Analysis

As at 31 December 2014, according to PRC standard, copper mineral resources and copper ore reserves of the Hami Project amounted to 364,400 tonnes and approximately 62.81 million tonnes, respectively. Further details are set out below:

Information Summary (PRC standard)

Mines types	Retained		
	Ore quantity (10,000 tonnes)	Metal quantity (tonne)	Grade (%)
Copper	3,994	281,500	0.7
Low grade copper	2,287	82,900	0.36
Associated silver	–	76	1.91

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

Notes for the above tables:

(1) In the above tables, Cu, Fe, TFe, Mo, CuEq, Au and Ag mean copper, iron, total iron, molybdenum, copper equivalent, gold and silver, respectively, and t, Kt, Mt, kg, g/t, Oz, and k Oz mean tonne, thousand tonne, million tonne, kilogram, gram per tonne, troy ounce and thousand troy ounce, respectively. The terms "Indicated", "Inferred" and "Probable" have the meanings ascribed to them under the JORC Code.

(2) Mineral resources and ore reserves described as "out of licence" refers to the discovery of mineral resources or ore reserves outside of the permitted level of mining depth prescribed in the mining licence of the relevant mine. However, no mining or exploration in respect of such mineral resources has been conducted by the Group. Mineral resources and ore reserves described as "in licence" or "in mining licence" refer to the discovery of mineral resources or ore reserves within the permitted level of mining depth prescribed in the mining licence of the relevant mine.

(3) Mineral resources were defined within a mineralized envelop above 0.2% copper equivalent, and reported at a cut-off grade of 0.3% copper equivalent for underground operations and 0.2% copper equivalent for open pit operations.

(4) Ore reserves are estimated using minimum cut-off grades of 0.68%, 0.40%, 0.36%, 0.45%, and 0.60% copper equivalent for the Tonglvshan Mine, the Fengshan Mine, the open pit mining at the Tongshankou Mine, the underground mining at the Tongshankou Mine and the Chimashan Mine, respectively.

(5) Copper equivalent was calculated for the mines using forecast processing plant recoveries and long-term forecast prices according to the following tables:

	Tonglvshan	Fengshan	Tongshankou	Chimashan
Copper *(RMB/t)*	28,039.00	28,039.00	28,039.00	48,935.00
Iron *(RMB/t)*	995.0			
Gold *(RMB/g)*	158.02	158.02	158.02	235.00
Silver *(RMB/g)*	2.73	2.73	2.73	6.00
Molybdenum *(RMB/kg)*		153.00	153.00	207.00

(6) Copper and iron mineral resources at the Tonglvshan Mine are inclusive of the gold and silver mineral resources at the Tonglvshan Mine and gold and silver mineral resources at the Tonglvshan Mine are inclusive of the copper and iron mineral resources at the Tonglvshan Mine. Such mineral resources should not be added together.

(7) A minimum mining width of 2 metres was used for estimating the underground ore reserves at Tonglvshan Mine, Fengshan Mine, Tongshankou Mine and Chimashan Mine.

(8) The mineral resources set out in the mineral resources tables above are inclusive of, and not in addition to, the mineral resources modified to produce the ore reserves set out in the ore reserves tables above.

Management Discussion and Analysis

EXPLORATION, DEVELOPMENT AND MINING PRODUCTION ACTIVITIES

Description of activities

The following table sets out the various exploration, development and mining activities conducted at each of our mines during the year ended 31 December 2014:

Mine	Activity		
	Exploration	Development	Mining
Tonglvshan Mine	Drilling depth of capacity upgrade reached 5,675.8 meters/33 holes while exploration volume reached 920.8m^3	1. Mining work of No. XI ore body: total drilling volume reached 228,068m^3. Construction and installation of the well tower and filling station and drilling and installation of shaft have been completed for preliminary production. 2. The development at the -485m middle portion: drilling volume reached 95,680m^3 and some equipment have been installed for production. 3. Construction and installation and trial run of the plants, technical equipment and tunnels have been completed and they are ready for operation.	• Copper: 12,246 tonnes • Gold: 657kg • Silver: 4,827kg • Iron: 296,500 tonnes

Management Discussion and Analysis

Mine	Activity: Exploration	Activity: Development	Activity: Mining
Fengshan Mine	1. Drilling depth of capacity upgrade reached 6,242.35 meters/13 holes; exploration volume reached 2,229.4m^3. 2. Drilling depth of the east to east sector of the southern edge No. 11 Line reached 1,178 meters/13 holes; exploration volume reached 3,176 m^3. 3. Drilling depth of southern edge-50m middle portion No. 7 to No. 4 Line reached 465 meters/6 holes; exploration volume reached 4,028 m^3. 4. Exploration depth of east sector of southern edge 0m and –23m No.8 Line reached 1,115m/19 holes; exploration volume reached 11,739.1 m^3. 5. Drilling depth of east sector of northern edge-100m reached 1,187 meters/14 holes; exploration volume reached 6,742 m^3.	The development at the -320m — -440m middle portion: drilling volume reached 44,000m^3.	• Copper: 5,601 tonnes • Gold: 160 kg • Silver: 5,233 kg • Molybdenum: 91 tonnes
Tongshankou Mine	1. Drilling depth of capacity upgrade reached 6,387.96 meters/12 holes; 2. Drilling depth of alternative resources exploration project reached 2,184.37 meters/2 holes;	In-depth mining work at Tongshankou Mine: total drilling volume reached 285,587m^3; installation of alternative and main well tower, drilling and installation of alternative shaft, construction and installation of air compressor room and filling station have been completed for production.	• Copper: 6,326 tonnes • Silver: 2,124 kg • Molybdenum: 34 tonnes

Management Discussion and Analysis

Mine	Activity		
	Exploration	Development	Mining
Chimashan Mine	Drilling depth of physical exploration of reserved resources of crisis mine reached 612.03 meters/2 holes.	N/A	• Copper: 453 tonnes • Gold: 16 kg • Silver: 499 kg
Sareke Copper Mine	Drilling volume of investigation of the southern mine and east portion of northern mine reached 4,891.13 meters/ 14 holes.	From March 2011 to the end of 2014, drilling volume reached 259,916.98 m^3. The construction of tailing storage facility and site-selection has been completed for preliminary production.	Nil (at trial production)
Hami Mine	No material development in 2014.		

Sareke Copper Mine

The mining and recovery project of a daily capacity of 3,500 tonnes in Sareke Copper Mine was completed in June 2014 and has been on trial production since 29 July 2014. DCS automatic control system, a sophisticated and upgraded system, was used for the project. The production of the project is of high standards and has room for future expansion. The production facilities, production process and operation parameters were fully tested and improved during the trial production. The data collected during the trial operation will be very useful for future production projects in highlands. The production and environmental protection of the copper mining operation in Sareke Copper Mine is of the highest standards in China.

In order to meet the demand of mineral resources of the selection facilities, the Company further expanded exploration activities and significant progress has been made. According to the estimates of SRK on the basis of JORC code, the geographic resources (metal resources) of the mining belt on the north of the mine increased from 60,000 tonnes to 210,000 tonnes. The Sareke Copper Mine has a daily recovery capacity of 3,500 tonnes per day. The annual capacity will be 1.15 million tonnes when the facilities are fully utilized. The annual production of copper and copper concentrate will be 9,000 tonnes and 8,000 kilograms, respectively. The Sareke Copper Mine will be the largest copper extraction and selection mine in southern Xinjiang.

Management Discussion and Analysis

Expenditures incurred

During 2014, we incurred approximately RMB1,975,865,000 (2013: RMB1,663,756,000) on exploration, development and mining production activities, details of which are set out below:

Unit: RMB'000

Mines	Operating expenses	Capital expenditure	2014 Total	2013 Total
Tonglvshan Mine	469,514	358,420	827,934	650,275
Fengshan Mine	206,065	50,287	256,352	257,395
Tongshankou Mine	283,269	327,680	610,949	506,322
Chimashan Mine	31,830	4,334	36,164	44,752
Sareke Copper Mine	2,063	239,404	241,467	192,942
Hami Mine	–	2,999	2,999	12,070
	992,741	983,124	1,975,865	1,663,756

Exploration, Development and Mining Expenditures

Unit: RMB'000

	Tonglvshan Mine	Fengshan Mine	Tongshankou Mine	Chimashan Mine	Sareke Copper Mine	Hami Mine
Exploration activities						
Drilling and analysis	N/A	3,292	N/A	2,008	21,843	N/A
Others	N/A	N/A	N/A	N/A	N/A	N/A
Sub-total	N/A	3,292	N/A	2,008	21,843	N/A
Development activities (including mine construction)						
Purchases of assets and equipment	78,486	4,682	30,871	1,388	54,977	N/A
Civil work for construction of tunnels and roads	265,190	41,751	283,919	938	82,165	N/A
Staff cost	N/A	N/A	N/A	N/A	33,815	1,207
Others	14,744	562	12,890	N/A	46,604	1,792
Sub-total	358,420	46,995	327,680	2,326	217,561	2,999
Mining activities (including ore processing)						
Auxiliary materials	35,894	20,237	34,857	3,451	N/A	N/A
Power	42,775	18,131	30,377	3,252	N/A	N/A
Staff cost	154,249	77,037	65,995	10,103	N/A	N/A
Depreciation	73,864	18,913	37,438	3,330	N/A	N/A
Taxation (taxes, resource compensation)	32,238	12,023	13,755	1,379	N/A	N/A
Sub-contracting service	31,192	6,410	24,751	1,790	N/A	N/A
Others (administrative fees, selling expenses, operating surcharges)	99,302	53,314	76,096	8,525	2,063	N/A
Sub-total	469,514	206,065	283,269	31,830	2,063	N/A
Total	827,934	256,352	610,949	36,164	241,467	2,999

Infrastructure projects, subcontracting arrangements and purchases of equipment

During 2014, the new contracts entered into and commitments undertaken by the Group were as follows:

Unit RMB'000

	Infrastructure projects, subcontracting arrangements and purchases of equipment			
	Infrastructure projects	Subcontracting arrangements	Purchase of equipment	Total
Tonglvshan Mine	30,549.00	–	42,641.46	73,190.46
Fengshan Mine	–	–	3,141.60	3,141.60
Tongshankou Mine	72,475.00	–	12,589.62	85,064.62
Chimashan Mine	–	–	–	–
Sareke Copper Mine	80,419.00	82,165.00	54,977.00	217,561.00
Hami Mine	–	–	–	–
Smelting Plant	79,285.53	–	–	79,285.53
Total	262,728.53	82,165.00	113,349.68	458,243.21

OPERATING OBJECTIVES AND STRATEGIES IN 2015

The world economy is still in the period of adjustment. China's economy is no exception and with the increasing labour cost, the operation of the Group is under pressure.

The main production targets of the Group for 2015 include producing 35,600 tonnes of mined copper, 550,000 tonnes of copper cathode, 20 tonnes of gold, 1,000 tonnes of silver, 1,050,000 tonnes of sulphuric acid, 345,000 tonnes of iron concentrate, 120 tonnes of molybdenum concentrate (containing molybdenum), 15 kg of platinum, 200 kg of palladium, 550 kg of ammonium perrhenate (containing metal), 400 tonnes of nickel sulfate (containing metal), 150 tonnes of crude selenium, 15 tonnes of tellurium and 150,000 tonnes of copper rods.

In order to achieve the above production targets, we will strive for reform and innovation to improve quality and efficiency. Therefore, we will adopt the following measures in order to optimize operational efficiency:

1. To increase productivity through organized production

Grasping the opportunities in developing from the infrastructure construction stage to the production stage, we will organize production at full capacity and capture economic benefits by leveraging on our advantages in resources. We aim to achieve an annual production of mined copper of 35,600 tonnes. Production and exploration of Tonglvshan Mine will be strengthened through better planning and logistics system of mines. For Fengshan Mine, we will expand mine exploration in the southern edge in order to extend its production life, and raise productivity in the northern edge, so as to ensure mine production in both edges meet the required standards. The underground system of Tongshankou Mine will commence full operation by the end of March, and the new tailings pond will start to discharge sand in the first half of the year. Sareke Copper Mine will complete its filing system test by the end of May. We will strive to meet our production targets as soon as possible through the optimization of the new mine-selection system.

In respect of the metallurgy and metal segment, we will make full use of the refined smelting system and the improved efficiency in metallurgy, as well as the advantage of technology to achieve economies of scale of metallurgy. We will optimise production structure of our melting plants, with a focus on achieving full-capacity production of the Ausmelt furnace and the new 300,000-tonne electrolysis system, in order to lower production cost with our advanced technology and facilities. We will closely monitor key areas affecting production, such as recovery rates of the Ausmelt furnace and converter, feeding volume of the Ausmelt furnace per hour and operating hours of the Ausmelt furnace, in order to secure the minimum annual production of 295,000 tonnes of crude copper and reach the production target of 300,000 tonnes. As for our rare and precious metal plant, we aim to achieve the production target in the rare and precious metal industrial park, improve the production technologies and standards and refine the production structure to reduce production cost.

2. To raise efficiency through effective operation

We will increase our efforts in mergers and acquisitions and restructuring in order to expand and control cost. Grasping the special opportunities from the present economic downturn, we will actively pursue mergers and acquisitions and restructuring opportunities and actively make use of the capital market. To raise technological level, we will actively seek opportunities for restructuring and cooperation with enterprises with quality resource projects, technological advantage, sound development potential, development which is in line with the industrial trend and advanced business model.

3. To ensure operation results by strengthening risk prevention

In order to further refine the risk prevention system, we have established a risk prevention team, appointed a specific department and personnel to take charge of the risk control responsibilities and adopted management measures for risk prevention, so as to refine the risk management system and procedure.

4. To achieve growth with innovation

We will refine the working mechanism for cooperation in technology with production enterprises, academics institutions and research centers, and increase our efforts in the recruitment of talents in the high technology field and accelerate the establishment of a national technology centre, postdoctoral scientific research working station, provincial engineering centre and key laboratory. Capitalizing on our advantages, we strive to develop a technology platform for the extraction selection of non-ferrous metal as well as integration in the use of precious metals, analysis and testing, registration protection and other matters.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2014.

EQUITY

The Company's issued and fully paid share capital as at 31 December 2014 amounted to approximately RMB705,506,000 divided into 17,327,911,186 ordinary shares of HK$0.05 each.

Management Discussion and Analysis

FINANCIAL MANAGEMENT AND TREASURY POLICY

The Group adopts a conservative approach for cash management and investment on uncommitted funds. We place cash and cash equivalents (which are mostly held in RMB) in short term deposits with authorized institutions in Hong Kong and the PRC.

During the year, the Group's receipts were mainly denominated in Hong Kong dollars and RMB while payments were mainly made in RMB.

As the Group's production plants are located in the PRC, most of our labour costs, manufacturing overhead, selling and administrative expenses are denominated in RMB. Therefore, the appreciation of RMB will adversely affect the Group. The Group will continue to closely monitor the foreign exchange risk arising from RMB and may consider hedging significant exposure of such risk in the future.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2014, the Group's current ratio was approximately 1.05 (2013: 1.01), based on current assets of approximately RMB7,837,227,000 (2013: RMB8,899,313,000) divided by current liabilities of approximately RMB7,494,605,000 (2013: RMB8,845,645,000). The Group's gearing ratio as at 31 December 2014 was approximately 230.80% (2013: 247.71%), based on net debts of approximately RMB8,183,718,000 (2013: RMB8,838,872,000) divided by total equity of approximately RMB3,545,771,000 (2013: RMB3,568,288,000). The decrease in gearing ratio was attributable to the Group's increase in restricted bank deposits and bank balances, bank and other deposits, bank balances and cash of the Group as at 31 December 2014 because the Group intended to keep more bank deposits/balances for working capital.

As at 31 December 2014, the Group had a net position and had sufficient funding to pay off all its outstanding liabilities and meet its working capital requirement.

During the year ended 31 December 2014, the Group incurred capital expenditure of approximately RMB27,338,000 (2013: RMB70,783,000) for exploration activities.

BORROWINGS AND PLEDGE OF ASSETS

As at 31 December 2014, the Group's total debts (which comprise non-current and current bank and other borrowings and convertible note/bonds) amounted to approximately RMB10,360,487,000 (2013: RMB10,451,755,000). The decrease in debts was primarily due to the repayment of the Group's bank and other borrowings for the year ended 31 December 2014.

As at 31 December 2014, certain bank and other borrowings of the Group were secured by bank deposits of RMB767,490,000 (2013: RMB171,993,000) and bills receivable of RMB50,675,000 (2013: notes receivable of RMB20,000,000).

As at 31 December 2014, 17.60% of our bank and other borrowings were made at floating interest rates.

FOREIGN EXCHANGE RISK

The Group operates in the PRC with most of the transactions settled in RMB except for certain purchases from international market that are conducted in United States dollars (US$) and certain borrowings that are denominated in US$.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entities' functional currency. The Group is exposed to foreign exchange risk primarily with respect to US$.

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and may enter into currency forward contracts, when necessary, to manage its foreign exchange exposure. During the year, certain currency forward contracts had been entered by the Group.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

During 2014, the Group had not made any material acquisition or disposal of subsidiaries.

CONTINGENT LIABILITIES

As at 31 December 2014, the Group had no contingent liabilities.

CHARGES ON ASSETS

As at 31 December 2014, bank deposits of RMB767,490,000 (2013: RMB171,993,000) were pledged to banks as security for certain banking facilities of the Group. Bank balances of RMB8,093,000 (2013: RMB7,420,000) were held in designated bank accounts as security for the Group's letter of credits. In addition, other deposits of RMB117,249,000 (2013: RMB294,552,000) were held in certain financial institutions as security for the commodities derivative and currency forward contracts.

EVENT AFTER THE REPORTING PERIOD

Please refer to note 46 to consolidated financial statements for details.

Report of the Directors

The directors of the Company (the "Director(s)") have pleasure in presenting their report and the audited consolidated financial statements of the Group for the year ended 31 December 2014. A summary of financial information of the Group for each of five years ended 31 December 2014 and the Company's statement of financial position as at 31 December 2014, together with the movements of its reserves for the year then ended, are presented below.

FIVE-YEAR FINANCIAL SUMMARY

Summary of selected items of consolidated statement of comprehensive income

	For the year ended 31 December				
	2014	2013	2012	2011	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(restated)	(restated)
					(Note)
Revenue	**42,808,295**	43,598,452	28,878,123	27,144,759	26,019,630
Profit/(loss) for the year attributable to owners of the Company	**(95,553)**	(1,949,229)	157,176	149,275	127,881
Non-controlling interests	**(31,016)**	(18,496)	6,476	31,836	81,114
Profit/(loss) for the year	**(126,569)**	(1,967,725)	163,652	181,111	208,995

Summary of selected items consolidated statement of financial position

	As at 31 December				
	2014	2013	2012	2011	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(restated)	(restated)
					(Note)
Assets					
Current assets	**7,837,227**	8,899,313	7,559,770	5,882,615	6,820,653
Non-current assets	**9,329,377**	8,895,871	9,795,973	5,840,049	4,656,570
Total assets	**17,166,604**	17,795,184	17,355,743	11,722,664	11,477,223
Liabilities					
Current liabilities	**7,494,605**	8,845,645	7,379,410	5,864,248	6,734,702
Non-current liabilities	**5,752,932**	4,976,939	4,050,845	2,076,233	1,141,793
Total liabilities	**13,247,537**	13,822,584	11,430,255	7,940,481	7,876,495
	3,919,067	3,972,600	5,925,488	3,782,183	3,600,728
Equity attributable to:					
Owners of the Company	**3,545,771**	3,568,288	5,492,448	3,606,072	2,224,680
Non-controlling interests	**373,296**	404,312	433,040	176,111	1,376,048
	3,919,067	3,972,600	5,925,488	3,782,183	3,600,728

Note: Based on the Company's circular dated 29 December 2011.

THE ASSETS, LIABILITIES, CAPITAL AND RESERVES OF THE COMPANY AS AT 31 DECEMBER 2014

	2014	2013
	RMB'000	*RMB'000*
ASSETS		
Property, plant and equipment	**15**	34
Unlisted investments in subsidiaries	**4,373,438**	4,108,315
Unlisted investments in joint ventures	**1**	1
Amounts due from subsidiaries	**860,050**	1,011,229
Amount due from joint ventures	**52,071**	–
Prepayments and other receivables	**7,165**	2,223
Bank balances and cash	**141,929**	127,129
	5,434,669	5,248,931
LIABILITIES		
Amounts due to subsidiaries	**–**	59,842
Amounts due to joint ventures	**96,733**	–
Other payables and accruals	**2,591**	1,828
Cumulative redeemable preference shares	**–**	873
Convertible note/bonds	**1,377,919**	1,354,274
Deferred tax liabilities	**27,071**	37,381
	1,504,314	1,454,198
	3,930,355	3,794,733
CAPITAL AND RESERVES		
Share capital	**705,506**	705,506
Share premium and reserves	**3,224,849**	3,089,227
	3,930,355	3,794,733

MOVEMENTS OF THE COMPANY'S RESERVES FOR THE YEAR ENDED 31 DECEMBER 2014

	Share premium RMB'000	Share option reserve RMB'000	Convertible notes equity reserve RMB'000	Other reserve RMB'000	Translation reserve RMB'000	Retained profits (Accumulated losses) RMB'000	Total RMB'000
At 1 January 2013	6,531,958	69,217	281,298	1,825	1,319	(2,093,717)	4,791,900
Reduction of share premium	(6,531,958)	–	–	–	–	6,531,958	–
Cancellation and lapse of share options	–	(69,217)	–	–	–	69,217	–
Loss for the year	–	–	–	–	–	(1,709,247)	(1,709,247)
Other comprehensive income for the year	–	–	–	–	6,574	–	6,574
Total comprehensive income (expense) for the year	–	–	–	–	6,574	(1,709,247)	(1,702,673)
At 31 December 2013	–	–	281,298	1,825	7,893	2,798,211	3,089,227
Profit for the year	–	–	–	–	–	135,967	135,967
Other comprehensive expense for the year	–	–	–	–	(345)	–	(345)
Total comprehensive (expense) income for the year	–	–	–	–	(345)	135,967	135,622
At 31 December 2014	–	–	281,298	1,825	7,548	2,934,178	3,224,849

Report of the Directors

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Company are set out in notes 1 and 45 to the consolidated financial statements.

The Group's revenue and segment information for the year ended 31 December 2014 is set out in note 6 to 7 to the consolidated financial statements, respectively.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2014 are set out in the consolidated statement of profit or loss and other comprehensive income on page 63 of this report.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: Nil). No interim dividend was declared during the year (2013: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2014 are set out in note 16 to the consolidated financial statements.

ISSUE OF CONVERTIBLE BONDS

During the year ended 31 December 2014, there had been no conversion of the Bonds into Shares by the bondholders and no redemption of the Bonds by the Company. Please refer to note 34 to the consolidated financial statements for further details.

CONVERTIBLE PREFERENCE SHARES

As disclosed in the prospectus of the Company dated 31 January 1992, the Company issued HK$34,000,000 6 per cent. convertible preference shares at the issue price of HK$5 each (the "Convertible Preference Shares"), which was listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 421).

On 17 October 2014, pursuant to the terms and conditions of the Convertible Preference Shares, the Company had fully redeemed all outstanding 16,485 Convertible Preference Shares at 100% of their notional value, being HK$5 per Convertible Preference Share, together with accrued dividend, in an aggregate redemption amount of HK$146,716.50 in cash. The redeemed outstanding Convertible Preference Shares were cancelled upon the redemption.

The Convertible Preference Shares were de-listed from the Stock Exchange with effect from 4:00 p.m. on 27 October 2014.

SHARE CAPITAL AND CONVERTIBLE NOTE

Details of movements in the Company's share capital and convertible note during the year ended 31 December 2014 are set out in notes 37 and 34, respectively, to the consolidated financial statements.

Save for the convertible notes as set out in note 34 to the consolidated financial statements, the Company had no outstanding convertible securities, options, warrants or other similar rights as at 31 December 2014.

Report of the Directors

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws or the company laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to its existing Shareholders.

RESERVES

Details of movements in the reserves of the Group during the year ended 31 December 2014 are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 December 2014, the Company had retained profits of RMB2,934,178,000 available for distribution to the Shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save as disclosed in the section headed "Convertible Preference Shares" above, during the year under review, the Company had not redeemed any of its listed securities and neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities.

DIRECTORS

The Directors during the year ended 31 December 2014 and up to the date of this report were:

Executive Directors

Zhang Lin *(Chairman)*
Long Zhong Sheng
Zhai Baojin
Tan Yaoyu

Independent Non-executive Directors

Wang Qihong
Wang Guoqi
Liu Jishun (appointed on 31 July 2014)
Qiu Guanzhou (resigned on 31 July 2014)

Pursuant to Bye-law 87(1) of the Bye-laws of the Company, at each annual general meeting of the Company, one-third of the Directors for the time being shall retire from office by rotation. Pursuant to Bye-law 87(2) of the Bye-laws of the Company, a retiring Director shall be eligible for re-election. Accordingly, each of Zhang Lin, Zhai Baojin and Tan Yaoyu shall retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

Each of the Directors has entered into a service contract with the Company which is determinable by the Company by not less than three months' notice.

Save as disclosed above, no Director proposed for re-election at the forthcoming annual general meeting of the Company has entered into a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31 December 2014, the interests and short positions of the Directors and chief executive of the Company in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules"), were as follows:

Name of Director	Capacity	Nature of interest	Number of shares	Approximate percentage of shareholding *(Note 1)*
Wang Qihong	Beneficial Owner	Personal Interest	2,494,000 shares	0.01%

Note 1: The percentage of shareholding is calculated based on 17,327,911,186 issued shares of the Company as at 31 December 2014.

Save as disclosed above as at 31 December 2014, none of the Directors, chief executive of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, at no time during the year, the Directors and chief executive of the Company (including their spouses and children under the age of 18) had any interest in, or had been granted, or exercised, any rights to subscribe for shares of the Company or its associated corporations required to be disclosed pursuant to the SFO.

SUBSTANTIAL SHAREHOLDERS' INTEREST AND SHORT POSITIONS IN SECURITIES

As at 31 December 2014, so far as is known to the Directors, the following persons, other than the Directors and chief executive of the Company, had interests in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Long positions in shares/underlying shares of the Company

Name of Shareholder	Capacity	Number of shares	Approximate percentage of total relevant class of shares in issue as at 31 December 2014
China Times Development Limited	Beneficial owner	13,970,671,176 shares	80.63% *(Note 3)*
Daye Nonferrous Metals Corporation Holdings Limited	Interest in a controlled corporation	13,970,671,176 shares *(Note 1)*	80.63% *(Note 3)*
China Cinda (HK) Asset Management Co., Limited	Beneficial owner	936,953,542 shares	5.41% *(Note 3)*
China Cinda Asset Management Co., Limited	Interest in a controlled corporation	936,953,542 shares *(Note 2)*	5.41% *(Note 3)*
Royal Bank of Canada	Beneficial owner	914,111,120 shares	5.28% *(Note 3)*

Notes:

1. These shares were held by China Times Development Limited, the entire issued capital of which were beneficially owned by Daye Nonferrous Metals Corporation Holdings Limited.

2. These shares were held by China Cinda (HK) Asset Management Co., Limited, the entire issued capital of which were beneficially owned by China Cinda Asset Management Co., Limited.

3. This percentage is calculated based on 17,327,911,186 issued shares of the Company as at 31 December 2014.

Save as disclosed above, as at 31 December 2014, the Directors are not aware of any other persons, other than the Directors and chief executive of the Company who had interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under section 336 of the SFO.

Report of the Directors

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed elsewhere in this report, no contracts of significance in relation to the Group's business to which the Group, its holding company or any of its subsidiaries was a party or in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2014.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors was interested in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business during the year ended 31 December 2014.

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of the Directors are set out on pages 3 to 4 of this report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2014.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2014, the Group's major income was generated from trading of non-ferrous metals.

The sales generated from the Group's major customers as a percentage of the Group's revenue was as follows:

— The largest customer	20%
— Five largest customers	34%

The purchases from the Group's major suppliers as a percentage of the Group's cost of inventories recognised as an expense for the year was as follows:

— The largest supplier	17%
— Five largest suppliers	64%

The Group purchased less than 30% of its inventories from its five largest suppliers for the year ended 31 December 2014.

At no time during the year ended 31 December 2014 did a Director, an associate of a Director or a Shareholder (which to the knowledge of the Directors own more than 5% of the issued capital of the Company) had any beneficial interest in the Group's major customers and suppliers disclosed above.

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

During the year ended 31 December 2014, the Company or any of its subsidiaries at no time was a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

CONNECTED TRANSACTIONS

The Company entered into various agreements with Daye Nonferrous Metals Corporations Holdings Limited (the "Parent Company" and certain of the Company's other connected persons. Details of their relationship with the Company are set out below:

Entity	Relationship with the Company
Parent Company	Parent Company is the controlling shareholder of the Company and is therefore a connected person of the Company.
China Nonferrous Metal Mining (Group) Co., Ltd ("CNMC")	CNMC is a controlling shareholder of the Company and is therefore a connected person of the Company.
Daye Non-ferrous Transportation and Tyre Company Limited ("Daye Transportation")	Daye Transportation is owned as to more than 30% by the Parent Company (through its subsidiary) and is therefore its associate and a connected person of the Company.
Hubei Jilong Mountain Gold Mining Co. Ltd ("Hubei Gold")	Hubiei Gold is owned as to more than 30% by the Parent Company and is therefore its associate and a connected person of the Company.
Huangshi Tonghua Hotel Company Limited ("Tonghua Hotel")	Tonghua Hotel is owned as to more than 30% by the Parent Company and is therefore its associate and a connected person of the Company.
Daye Non-ferrous Metals Co., Ltd ("Daye Metal")	Daye Metal is a non-wholly owned subsidiary of the Company.

A. Financial Services Framework agreement

Date	8 October 2013
Parties	1. The Company 2. Parent Company
Term	1 January 2014 to 31 December 2016
Nature of the transactions	The Group shall provide deposit to the Parent Group and such other financial services as agreed by the parties from time to time. The Parent Group shall provide to the Group the following financial services: loans and interest, guarantees and integrated credit facilities; bills acceptance and settlement; and such other financial services as agreed by the parties from time to time.
Price	Based on market price, subject to compliance with applicable laws and regulations.
Annual Caps	For the deposit services, a maximum daily balance (including accrued interests) of: The annual cap for the year of 2014 is RMB809,200,000. The annual cap for the year of 2015 is RMB1,011,500,000. The annual cap for the year of 2016 is RMB1,314,950,000. For the bills acceptance, settlement services and other financial services: The annual cap for the year of 2014 is RMB12,000,000. The annual cap for the year of 2015 is RMB14,000,000. The annual cap for the year of 2016 is RMB19,000,000.

B. Supplemental Financial Services Framework Agreement

Date	7 November 2013
Parties	1. The Company 2. Parent Company
Term	1 January 2014 to 31 December 2016
Establishment of a financial company	The Parent Company has established a financial company (the "Parent Financial Company") to serve as the financial platform for facilitating the provision of financial services by the Parent Company to its intra-group companies.
Deposit and loan amounts	The average daily amount of deposits placed by the Group with the Parent Group must not exceed the average daily amount of outstanding loans extended by the Parent Group to the Group.
Set-off upon default on deposits	If the Parent Group is unable to return on time the deposits (including accrued interest) placed to it by the Group, the Group shall have the right to: (1) terminate the Financial Services Framework Agreement; and (2) set off such deposits (including accrued interest) against the outstanding loans (including accrued interest) extended by the Parent Group to the Group.
Compensation for losses suffered by the Group	The Parent Company and its subsidiaries shall jointly and severally fully compensate the Group for any loss incurred by the Group (including in relation to the amount of outstanding deposits or loans and accrued interest or any related expenses incurred) as a result of any of the following: (1) the Parent Group breaches, or is likely to breach, any PRC laws or regulations; (2) the occurrence of, or likely occurrence of, any material problem in the Parent Group's operations or liquidity; or (3) the Parent Group does not comply or breaches the Financial Services Framework Agreement or the Supplemental Financial Services Framework Agreement.
Undertaking by the Parent Group	The Parent Group undertakes to the Group that if the Parent Financial Company experiences or foresees any liquidity problems, the Parent Group will inject capital into the Parent Financial Company based on the latter's needs in order to ensure the latter's normal operations.

C. CNMC Purchase and Production Services Framework Agreement

Date	8 October 2013
Parties	1. The Company 2. CNMC
Term	1 January 2014 to 31 December 2016
Nature of the transactions	CNMC and its subsidiaries (the "CNMC Group") will: (a) supply certain products to the Group, including: blister copper containing copper, blister copper containing gold, blister copper containing silver, copper concentrate mines containing copper, copper concentrate mines containing gold, copper concentrate mines containing silver, water and electricity, raw materials, auxiliary equipment, supporting materials, components, production equipment, tools and such other products as agreed by the parties from time to time; and (b) provide certain production services to the Group, including: construction, installation, repairs, supervision and such other production services as agreed by the parties from time to time.
Price	Based on: (i) the government-prescribed price; (ii) if there is no applicable government-prescribed price, the market price; or (iii) if no market price is available, the cost of the relevant product/service plus a reasonable service charge.
Annual Caps	The annual cap for the year of 2014 is RMB4,810,380,000. The annual cap for the year of 2015 is RMB6,098,150,000. The annual cap for the year of 2016 is RMB7,395,820,000.

D. CNMC Sales Framework Agreement

Date	8 October 2013
Parties	1. The Company 2. CNMC
Term	1 January 2014 to 31 December 2016
Nature of the transactions	The CNMC Group will purchase certain products from the Group, including: copper concentrate mines containing copper, copper concentrate mines containing gold, copper concentrate mines containing silver and such other products as agreed by the parties from time to time.
Price	Based on: (i) the government-prescribed price; (ii) if there is no applicable government-prescribed price, the market price.
Annual Caps	The annual cap for the year of 2014 is RMB541,230,000. The annual cap for the year of 2015 is RMB620,420,000. The annual cap for the year of 2016 is RMB699,610,000.

E. New Sales Framework Agreement

Date	8 October 2013
Parties	1. The Company 2. Parent Company
Term	1 January 2014 to 31 December 2016
Nature of the transactions	The Group will supply certain products to the parent Group, including: silver, copper cathodes, silver extracts containing gold, silver extracts containing silver, silver extracts containing lead, residual heat power generating, water and electricity, raw materials, auxiliary equipment, supporting materials, components, production equipment, tools, sulfuric acid, diesel fuel and such other products as agreed by the parties from time to time.
Price	Based on: (i) the government-prescribed price; (ii) if there is no applicable government-prescribed price, the market price.
Annual Caps	The annual cap for the year of 2014 is RMB2,588,110,000. The annual cap for the year of 2015 is RMB3,182,850,000. The annual cap for the year of 2016 is RMB3,766,570,000.

F. New Services Framework Agreement

Date	8 October 2013
Parties	1. The Company 2. Parent Company
Term	1 January 2014 to 31 December 2016
Nature of the transaction	The Group will supply certain services to the Parent Group, including: engineering design and surveying, environment monitoring, equipment examination and such other services as agreed by the parties from time to time.
Price	Based on market price.
Annual Caps	The annual cap for the year of 2014 is RMB3,900,000. The annual cap for the year of 2015 is RMB3,900,000. The annual cap for the year of 2016 is RMB3,900,000.

G. New Combined Ancillary Services Framework Agreement

Date	8 October 2013
Parties	1. The Company 2. Parent Company
Term	1 January 2014 to 31 December 2016
Nature of the transactions	The Parent Group will provide certain services to the Group, including; cylinder maintenance, waste disposal, medical, canteen, commute, property management, green engineering, dining subsidies, mineral water, mining, disease prevention, mobile telecommunication, water, electricity, building maintenance, environmental conservation, university accommodation, training, conference, agricultural and such other services as agreed by the parties from time to time.
Price	Based on: (i) the government-prescribed price; or (ii) if there is no applicable government-prescribed price, the market price.
Annual Caps	The annual cap for the year of 2014 is RMB431,300,000. The annual cap for the year of 2015 is RMB452,990,000. The annual cap for the year of 2016 is RMB475,530,000.

H. New Purchase and Production Services Framework Agreement

Date	8 October 2013
Parties	1. The Company 2. Parent Company
Term	1 January 2014 to 31 December 2016
Nature of the transactions	(a) The Parent Group will supply certain products to the Group, including: blister copper containing copper, blister copper containing gold, blister copper containing silver, water and electricity, raw materials, auxiliary equipment, supporting materials, components, production equipment, tools, copper concentrates containing copper, copper concentrates containing gold, copper concentrates containing silver, gold concentrate containing gold, gold ore containing gold and such other products as agreed by the parties from time to time; and (b) The Parent Group will provide certain production services to the Group, including: processing of copper anodes, relocation compensation, steel-casting, repair, technological engineering, processing of anode plates, engineering labour, transportation (including renting a sulfuric acid tank), labour, inspection and such other production services as agreed by the parties from time to time.
Price	Based on: (i) the government-prescribed price; (ii) if there is no applicable government-prescribed price, the market price; or (iii) if no market price is available, the cost of the relevant product/service plus a reasonable service charge.
Annual Caps	The annual cap for the year of 2014 is RMB2,091,010,000. The annual cap for the year of 2015 is RMB2,507,240,000. The annual cap for the year of 2016 is RMB2,908,440,000.

I. Asset Lease Framework Agreement

Date	8 October 2013
Parties	1. The Company 2. Parent Company
Term	1 January 2014 to 31 December 2016
Nature of the transactions	The Group will lease certain assets (including sulfuric acid tank trucks and other assets) to the Parent Group, and also guarantee that the Parent Group will have the exclusive right to use such assets during the term of this agreement.
Price	Based on market price.
Annual Caps	The annual cap for the year of 2014 is RMB11,470,000. The annual cap for the year of 2015 is RMB11,470,000. The annual cap for the year of 2016 is RMB11,470,000.

J. New Daye Transportation Purchase Framework Agreement

Date	8 October 2013
Parties	1. The Company 2. Daye Transportation
Term	1 January 2014 to 31 December 2016
Nature of the transactions	Daye Transportation will supply certain products to the Group, including: tyres, automobile parts and components, petrol, diesel oil and such other products as agreed by the parties from time to time.
Price	Based on market price.
Annual Caps	The annual cap for the year of 2014 is RMB5,450,000. The annual cap for the year of 2015 is RMB5,300,000. The annual cap for the year of 2016 is RMB5,140,000.

K. New Tonghua Hotel Services Framework Agreement

Date	8 October 2013
Parties	1. The Company 2. Tonghua Hotel
Term	1 January 2014 to 31 December 2016
Nature of the transactions	Tonghua Hotel will provide certain services to the Group, including: accommodation, catering, conference and such other services as agreed.
Price	Based on market price.
Annual Caps	The annual cap for the year of 2014 is RMB7,000,000. The annual cap for the year of 2015 is RMB7,000,000. The annual cap for the year of 2016 is RMB7,000,000.

L. Land Lease Framework Agreement

Date	23 December 2011
Parties	1. The Company 2. Parent Company
Term	From the date on which the Land Lease Framework Agreement takes effect in accordance with its terms until 31 December 2039.
Rent, fees and other payables	Rent will be the annual depreciation amount of the relevant parcel of land, which will be calculated as the total amount paid by the owner of the land to the relevant government authorities for acquiring the relevant land use right, divided by the estimated useful life of such land. The lessee will also bear all the taxes and duties payable for the lease, which will be calculated by reference to the rent payable. Both the rent and the aggregate taxes and duties payable by the lessee for each parcel of land will be the same for each year during the term of the lease.
Annual Caps	The annual cap for the year of 2014 is RMB23,890,000. The annual cap for the year of 2015 is RMB23,890,000. The annual cap for the year of 2016 is RMB23,890,000.

M. Lease Agreement

Date	31 December 2014
Parties	1. Daye Metal 2. Parent Company
Term	1 January 2015 to 31 December 2016
Lease Premise	Phase 3-II, International Enterprise Centre, 29 Guanggu Avenue, Wuhan East Lake High-tech Developments Zone, Wuhan, PRC
Gross Floor area (sq.m.)	14,011.58
Site Floor area (sq.m.)	2,697.83
Annual Caps	The annual cap for the year of 2015 is RMB12,424,588.63. The annual cap for the year of 2016 is RMB12,424,588.63.

Confirmation from the Independent Non-Executive Directors

The independent non-executive Directors have reviewed the continuing connected transactions mentioned above and confirmed that the transactions have been entered into in the ordinary and usual course of the business of the Group, on normal commercial terms and in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Save as disclosed above, none of the transactions disclosed as related party transactions in note 45 to the consolidated financial statements is a connected transaction or a continuing connected transaction of the Company under the Listing Rules, and the Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Confirmation from the Auditor

The Company's auditor has been engaged to report on the 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 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

In respect of the continuing connected transactions, the Company's auditor confirmed that:

a. nothing has come to their attention that causes them to believe that the 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 their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

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

d. with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to their attention that causes them to believe that the continuing connected transactions have exceeded the maximum aggregate annual value in respect of each of the continuing connected transactions.

INDEPENDENCE CONFIRMATION

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2014, the Group had 9,231 employees (2013: 9,529). The Group's total staff cost for the year was approximately RMB683,190,000 (2013: approximately RMB737,214,000). The remuneration package of staff consists of basic salary, mandatory provident fund, insurances and other benefits as considered appropriate.

Remuneration of the employees of the Group is determined by reference to the market, individual performance and their respective contribution to the Group.

The emoluments of the Directors are subject to the recommendations of the remuneration committee of the Company and the Board's approval. Other emoluments including discretionary bonuses, are determined by the Board with reference to the Directors' duties, abilities, reputation and performance.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules during the year ended 31 December 2014 and as of the date of this report.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2011 was audited by Pan-China (HK) CPA Limited, while Messrs. Deloitte Touche Tohmatsu ("Deloitte"), were appointed as the auditor of the Company for the years ended 31 December 2012, 2013 and 2014. Deloitte will retire and being eligible, offer themselves for re-appointments at the forthcoming annual general meeting of the company. A resolution will be submitted to the forthcoming annual general meeting to re-appoint Deloitte as the auditor of the Company.

PROFESSIONAL TAX ADVICE RECOMMENDED

If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the shares of the Company, they are advised to consult an expert.

Report of the Directors

BOARD'S RESPONSIBILITIES FOR THE ACCOUNTS

The Board is responsible for the preparation of accounts for each financial period, which gives a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing these accounts for the year ended 31 December 2014, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent and reasonable, and has prepared the accounts on a going concern basis.

On behalf of the Board
Zhang Lin
Chairman

Corporate Governance Report

The Company recognized the importance of maintaining a high standard of corporate governance. The Company believes that an effective corporate governance practice is fundamental to enhancing shareholder value and safeguarding the interests of Shareholders and other stakeholders. The Board sets appropriate policies and implements corporate government practices appropriate to the conduct and growth of the Group's business. The code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the "CG Code") have been adopted to shape the Company's corporate governance structure. This corporate governance report describes how the principles of the CG Code have been applied during the year ended 31 December 2014 under different aspects.

CG CODE COMPLIANCE

For the year ended 31 December 2014, the Company had complied with the code provisions of the CG Code except for deviations from code provision A.4.1 of the CG Code as summarized below:

Pursuant to code provision A.4.1 of the CG Code, non-executive directors of a listed issuer should be appointed for a specific term, subject to re-election. All independent non-executive Directors of the Company were not appointed for a specific term in their respective letter of appointment. However, they are still subject to retirement by rotation and re-election at least once every three years (after he was elected or re-elected) at the annual general meetings of the Company pursuant to the relevant provisions of the Company's Bye-laws, which achieves the same effect as having the non-executive Directors being appointed for a specific term.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its own code governing Director' securities transactions on terms no less exacting than the required standard set out in the Model Code. The Company has made specific enquiries with all the Directors and all of them have confirmed their compliance with the Model Code and the Company's code governing Director' securities transactions for the year ended 31 December 2014. No incident of non-compliance by the Directors has been noted by the Company during the year.

BOARD OF DIRECTORS

Composition of the Board

As at the date of this report, the Board comprises four executive Directors (including the Chairman of the Board) and three independent non-executive Directors, whose biographical details are set out in the "Biographical Details of Directors" section on pages 3 to 4 of this annual report, namely:

Name of Director	Date of first appointment to the Board	Date of last re-election as Director
Executive Director		
Zhang Lin *(Chairman)*	22 March 2012	26 May 2014
Long Zhong Sheng *(Chief Executive Officer)*	22 March 2012	20 May 2013
Zhai Baojin	22 March 2012	26 May 2014
Tan Yaoyu	22 March 2012	26 May 2014
Independent Non-Executive Director		
Wang Qihong	21 April 2006	20 May 2013
Wang Guoqi	21 April 2006	20 May 2013
Qiu Guanzhou (Resigned on 31 July 2014)	14 May 2009	23 May 2012
Liu Jishun	31 July 2014	N/A

Corporate Governance Report

Roles and responsibilities of the Board

The Board is collectively responsible for overseeing the management of the business and affairs of the Group. The Board meets regularly to discuss the overall strategies as well as operational and financial performances of the Group. Certain matters are reserved for decisions by the Board, including matters relating to: (i) the formulation of the Group's overall strategy and directions; (ii) any material conflict of interest of substantial Shareholders of the Company or Directors; (iii) approval of the Group's annual results, annual budgets, interim results and other significant operational and financial transactions; (iv) changes to the Company's capital structure; and (v) major appointments to the Board. The Board has delegated the day-to-day management, administration and operation of the Group and implementation and execution of policies and strategies decided by the Board to the executive Directors and management of the Company.

The Board is also responsible for performing the corporate governance duties including risk management, internal controls and relevant compliance issues relating to the business operation of the Group.

The Board reviews and monitors the training and continuous professional developments of directors and senior managers; develops, reviews and monitors the code of conduct and compliance manual applicable to employees and directors.

The composition of the Board is well balanced with each Director having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group. All Directors bring a variety of experience and expertise to the Company.

Board meetings and Board practices

All Directors have been given sufficient time and support to understand the affairs of the Group and they have full and timely access to all relevant information regarding the Group's affairs and have unrestricted access to the advice and services of the Company Secretary. The Directors may seek independent professional advice at the Company's expenses in carrying out their duties and responsibilities.

During the year ended 31 December 2014, 6 Board meetings and 1 general meeting of the Company were held. The meetings are structured to allow open discussion. At the board meetings, the Directors participated in discussing the strategies, operational and financial performance, corporate governance policy and internal control of the Group.

Set out below is the attendance of the Directors at the Board and general meetings held during the year:

	No. of meetings attended/ Eligible to attend	
Name of Director	**Board meeting**	**General meeting**
Executive Director		
Zhang Lin *(Chairman)*	6/6	1/1
Long Zhong Sheng *(Chief Executive Officer)*	6/6	1/1
Zhai Baojin	6/6	1/1
Tan Yaoyu	6/6	1/1
Independent Non-Executive Director		
Wang Qihong	6/6	1/1
Wang Guoqi	6/6	1/1
Qiu Guanzhou (resigned on 31 July 2014)	4/4	0/1
Liu Jishun (appointed on 31 July 2014)	2/2	0/1

The Company Secretary or the staff of the company secretarial department of the Company prepared and kept detailed minutes of each Board meeting and, within a reasonable time after each meeting, the draft minutes were circulated to all Directors for comment and the final and approved version of the minutes were sent to all Directors for their records. The same practices and procedures as used in the Board meetings had also been adopted and followed for the Board committees meetings. All the minutes of the meetings recorded sufficient details of the matters considered and decision reached are available for inspection by the Directors at anytime.

Notices of Board meetings were given to the Directors at least 14 days prior to the date of the relevant meeting. Briefing papers were prepared for all substantive agenda items and were circulated to the Directors at least 3 days before each Board meeting. The Company Secretary is responsible for providing accurate, timely and clear information to the Directors prior to the Board meetings so as to ensure that the Directors are able to make informed decisions regarding the matters to be discussed in the meeting.

If any of the Directors has a potential conflict of interest in a matter being considered in the Board meeting, such Director(s) shall abstain from voting in relation to that particular matter. Independent non-executive Directors with no conflict of interest in such matters would be present at the Board meetings to deal with such conflict of interest issues.

Access to sufficient information of the Group

The management is committed to provide the Board with appropriate and sufficient explanation and information of the Group's affairs through financial reports, business and operational reports and budget statements, in a timely manner, to enable them to make informed decisions.

The Directors are also provided with access to the Group's management and Company Secretary at all times to obtain relevant information for carrying out their duties as Directors of the Company.

Continuing professional development

The Directors keep abreast of their responsibilities and of the conduct, business activities and development of the Company. The Company Secretary from time to time updates and provides written training materials to the Directors, and organizes seminars on the latest development of the Listing Rules, applicable laws, rules and regulations relating to Directors' duties and responsibilities.

During the year ended 31 December 2014, the Company provided two seminars to the Directors and the management of the Company on topics covering the latest developments of the Corporate Governance Code and the Listing Rules. All of the Directors attended these two seminars.

Liability insurance for the Directors

The Company has appropriate liability insurance in place to indemnify all the Directors for the liabilities arising out of the corporate activities. The Company renews the insurance coverage on an annual basis.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

In accordance with code provision A.2.1 of the CG Code, the roles of the Chairman, Mr. Zhang Lin, and those of the Chief Executive Officer, Mr. Long Zhong Sheng, are segregated in order to reinforce their independence and accountability.

Mr. Zhang Lin is responsible for providing leadership of the Board and ensuring that all Directors are properly informed on issues to be discussed at Board meetings. In addition, he is responsible for ensuring that all Directors receive, in a timely manner, adequate, complete and reliable information in relation to the Group's affairs. The Chairman also encourages Directors to actively participate in and to make a full contribution to the Board so that the Board functions effectively and acts in the best interest of the Company.

Mr. Long Zhong Sheng is responsible for the strategic planning, administration and management of the business of the Group. He is also responsible for the formulation and successful implementation of Group policies and assuming full accountability to the Board for all operations of the Group. Mr. Long Zhong Sheng oversees the Group's compliance and internal control matters and maintains an ongoing dialogue with the Chairman and all Directors to keep them fully informed of all major business developments and issues. He has also been focusing on strategic planning and assessment of mergers and acquisitions opportunities for the Company.

NON-EXECUTIVE DIRECTORS

All non-executive Directors were not appointed for a specific term under their respective letter of appointment. However, they are subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the relevant provisions of the Company's Bye-laws, which achieves the same effect as having the non-executive Directors being appointed for a specific term. In the Board meetings and Board committee meetings held during the year, constructive views and comments are given from the non-executive Directors, who have provided their independent judgment on the issues relating to the strategy, performance, conflict of interest and management process of the Group.

During the year ended 31 December 2014, there were three independent non-executive Directors, representing more than one-third of the Board. Among the three independent non-executive Directors, one of them has the appropriate professional qualifications in accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

The Company has received from each of its independent non-executive Director a written confirmation of his independence and the Board considers all of them, namely Mr. Wang Qihong, Mr. Wang Guoqi ad Mr. Qiu Guanzhou, to be independent pursuant to Rule 3.13 of the Listing Rules.

COMPANY SECRETARY

The Company Secretary, Ms Yeung Wing Kwan, plays an important role in supporting the Board by ensuring efficient and effective information flow within the Board and that the Board's policy and procedures are followed.

The Company Secretary has day-to-day knowledge of the Company's affairs. The Company Secretary reports to the Board through the Chairman and Chief Executive Officer. All Directors may access to the advice and services of the Company Secretary who regularly updates the Board on governance and regulatory matters and facilitate the induction and professional development of the Directors.

The Company Secretary is also responsible for ensuring the procedures of the Board meetings are observed and providing the Board opinions on matters in relation to the compliance with the procedures of the Board meetings.

During the year ended 31 December 2014, the Company Secretary had undertaken 20 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

The Board is fully involved in the selection and appointment of the Company Secretary.

BOARD COMMITTEES

To assist the Board in the execution of its duties, the Board has delegated specific functions to three Board committees, namely the Audit Committee, Remuneration Committee and Nomination Committee, details of which are as follows:

Name of Director	Audit Committee	Remuneration Committee	Nomination Committee
Executive Director			
Zhang Lin *(Chairman)*	–	–	Chairman
Long Zhong Sheng	–	–	–
Zhai Baojin	–	–	–
Tan Yaoyu	–	–	–
Independent Non-Executive Director			
Wang Guoqi	Chairman	Chairman	Member
Wang Qihong	Member	Member	Member
Qiu Guanzhou (resigned on 31 July 2014)	Member	Member	Member
Liu Jishun (appointed on 31 July 2014)	Member	Member	Member

The written terms of reference for each of the Board committees are available at the Company's website and the Stock Exchange's website.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board on, among other things, the Company's policy and structure for the remuneration of all directors and senior management of the Company, and the remuneration packages of individual Directors and senior management of the Company.

The remuneration for the executive Directors comprises basic salary, allowance and discretionary bonus.

Salary adjustments are made where the Remuneration Committee takes into account performance, contribution and responsibilities of the individual. Apart from basic salary, executive Directors and employees are eligible to receive a discretionary bonus taking into account factors such as market conditions as well as corporate and individual's performance during the year.

The following table illustrates the elements of remuneration of executive Directors and senior management.

Remuneration	Purpose	Reward	Policy details
Basic salary	To reflect the market value of each individual	Cash payment monthly	Reviewed annually with market trend
Allowance	To attract and retain employees	Reimbursement	Market conditions
Discretionary bonus	To motivate employees to deliver high levels of performance of the Company and individual performance goals	Cash payment	– Individual performance – Company performance

The following table shows the breakdown of the Directors' remuneration for the year ended 31 December 2014:

		Other emoluments		
	Fees *RMB'000*	**Salaries and other allowances** *RMB'000*	**Retirement benefit scheme contribution** *RMB'000*	**Total** *RMB'000*
2014				
Executive Directors				
Mr. Zhang Lin	–	716	31	747
Mr. Long Zhong Sheng	1,316	–	61	1,377
Mr. Zhai Baojin	–	716	31	747
Mr. Tan Yaoyu	–	813	31	844
Independent Non-executive Directors				
Mr. Wang Guoqi	79	–	–	79
Mr. Wang Qihong	79	–	–	79
Mr. Qiu Guanzhou*	48	–	–	48
Mr. Liu Jishun°	33	–	–	33
	1,555	2,245	154	3,954

* Mr. Qiu Guanzhou resigned as an independent non-executive director on 31 July 2014.

° Mr. Liu Jishun was appointed as an independent non-executive director on 31 July 2014.

During the year ended 31 December 2014, the Remuneration Committee held 1 meeting. The Remuneration Committee determined the policy for the remuneration of executive Directors', made recommendations to the Board on the remuneration of directors and assessed the performance of the executive Directors. Members of the Remuneration Committee and the attendance of each member are as follows:

Name of Director	Position	Role in Remuneration Committee	Meetings Attended/ Eligible to Attend
Wang Guoqi	Independent non-executive Director	Chairman	1/1
Wang Qihong	Independent non-executive Director	Member	1/1
Liu Jishun	Independent non-executive Director	Member	1/1

Nomination Committee

The Nomination Committee's responsibilities include reviewing the structure, size, diversity and composition of the Board, identifying individuals suitable and qualified to become Board members and making recommendations to the Board (regarding the selection of individuals nominated for directorship, the appointment of Directors and their succession planning) with due regard to the Nomination Committee's board diversity policy (the "Board Diversity Policy") and assessing the independence of the independent non-executive Directors.

The criteria for appointment of a new director are set out below:

- independence (in the case of a potential independent non-executive Director);
- possession of core competencies that meet the needs of the Company;
- ability to commit time and carry out duties and responsibilities.

The Nomination Committee makes recommendations of the appointment of new Directors after taking the following steps:

- Evaluate the balance of skills, knowledge and experience on the Board and determine the role and desirable competencies for a particular appointment in consultation with the management; and
- Conduct interviews with potential candidates to assess suitability and to ensure that the candidates are aware of the expectations and the level of commitment required.

During the year ended 31 December 2014, the Nomination Committee held 1 meeting. The Nomination Committee reviewed the structure, size and composition (including the skills, knowledge and expense) of the Board and also the policy for the nomination of Directors during the year and recommended the nomination of a independent non-executive Director.

Also, the Company recognizes and embraces the benefits of having a diverse Board. As such, during the year, the Nomination Committee formulated and adopted the Board Diversity Policy in August 2013 and the Nomination Committee has been delegated with the task of reviewing the Board Diversity Policy, the measurable objectives set for implementing the Board Diversity Policy, and the progress on achieving such objectives. The Board Diversity Policy sets out the approach to achieve diversity in the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. While the Board does not think specific quotas on such criteria as gender are appropriate and considers that the opportunities should be made on merit, it does believe that a diverse mix of skills, experience and knowledge background is important of which gender is a significant element. In making future appointments to the Board, consideration will be given to gender diversity. Members of the Nomination Committee and the attendance of each member are as follows:

Name of Director	Position	Role in Nomination Committee	Meetings Attended/ Eligible to Attend
Zhang Lin	Executive Director	Chairman	1/1
Wang Guoqi	Independent non-executive Director	Member	1/1
Wang Qihong	Independent non-executive Director	Member	1/1
Liu Jishun	Independent non-executive Director	Member	0/0

Audit Committee

The principal duties of the Audit Committee include monitoring the integrity of the financial statements of the Company, reviewing the effectiveness of Company's internal control (including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programs and budget) and risk management as delegated by the Board, and making recommendations to the Board on the appointment and engagement of the external auditor for the audit and non-audit services. The Audit Committee is provided with sufficient resources enabling it to discharge its duties.

Members of the Audit Committee and the attendance of each member are as follows:

Name of Director	Position	Role in Audit Committee	Meetings Attended/ Eligible to Attend
Wang Guoqi	Independent non-executive Director	Chairman	2/2
Wang Qihong	Independent non-executive Director	Member	2/2
Qiu Guanzhou (resigned on 31 July 2014)	Independent non-executive Director	Member	1/1
Liu Jishun (appointed on 31 July 2014)	Independent non-executive Director	Member	1/1

Corporate Governance Report

During the year ended 31 December 2014, the Audit Committee reviewed with the management and the external auditor the interim results and related announcement including the disclosures, financial reporting and the accounting policies adopted by the Group prior to the submission to the Board's approval; discussed with management on significant judgments affecting Group's consolidated financial statements and approved the appointment of auditor; reviewed and discussed the internal control report; reviewed and assessed the adequacy and effectiveness of the Company' internal control and risk management; and reviewed and monitored the external auditor's independence and objectivity and the effectiveness during the audit process.

The Board is responsible for preparing the financial statements that give a true and fair view of the financial position of the Group on a going concern basis. The Audit Committee has reviewed the Company's annual results and consolidated financial statements for the year ended 31 December 2014. The Directors acknowledge their responsibilities for preparing a balanced, clear and comprehensive assessment in annual/ interim reports, price-sensitive announcements and other financial disclosures. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Auditor's Remuneration

During the year ended 31 December 2014, Deloitte was appointed as the Group's auditor until the conclusion of next annual general meeting. The remuneration paid/payable to Deloitte in respect of their audit and non-audit services were as follow:

	2014 *RMB'000*
Audit Services	**3,350**
Non-audit Services	**1,250**
Total	**4,600**

The accounts for the year were audited by Deloitte whose term of office will expire upon the forthcoming annual general meeting. The Audit Committee has recommended to the Board that Deloitte be nominated for re-appointment as the auditor of the Company at the forthcoming annual general meeting.

BOARD'S RESPONSIBILITIES FOR THE ACCOUNTS

The Board is responsible for the preparation of accounts for each financial period, which gives a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing these accounts for the year ended 31 December 2014, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent and reasonable, and has prepared the accounts on a going concern basis.

INTERNAL CONTROL

The Board is responsible for the effectiveness of the Group's internal control systems. The internal control systems are designed to meet the Group's particular needs and the risks to which it is exposed, and by their nature can only provide reasonable, but not absolute assurance against any misstatement or loss.

Procedures have been set up for safeguarding assets against unauthorized use or disposition, controlling over capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business operations and publication. Qualified management of the Group maintains and monitors the internal control systems on an ongoing basis.

During the year, the Audit Committee reviewed the effectiveness of the Company's internal control and risk management procedures and was satisfied that the Company's internal control processes are adequate to meet the needs of the Company in its current business environment.

To further strengthen the internal control of the Group, a control department has been established to provide day-to-day management of the compliance and control of the Group in order to eliminate risks of failure of operational systems and the achievement of the Company's objectives.

To enhance the knowledge of relevant staff of the Group, training will be provided to them on the relevant rules and applicable laws when appropriate.

Based on the internal control report, the Board is of the view that the internal controls of the Group are adequate and in compliance with the code provision on internal control as set out in the Listing Rules.

Green policies

We implement paper recycling policy for papers at our offices in Hong Kong and the PRC. Staffs are also encouraged to practice energy saving habits, such as setting their computers to sleep mode when not in use and using internal communication in the form of direct electronic mail.

During the year, the Group successfully achieved reduction in the usage of energy and paper.

INVESTOR AND SHAREHOLDER RELATIONS

Communication with Shareholders and Investors

The Board recognizes the importance of maintaining clear, timely and effective communication with Shareholders of the Company and investors. The Board also recognizes that effective communication with investors is the key to establish investor confidence and to attract new investors. Therefore, the Group is committed to maintaining high degree of transparency to ensure the investors and the Shareholders are receiving accurate, clear, comprehensive and timely information of the Group via the publication of annual reports, interim reports, press announcements, and also the Company's website at www.hk661.com.

Corporate communications issued by the Company have been provided to the Shareholders in both English and Chinese versions to facilitate their understanding of the Group's affairs. A section entitled "Investor relations"is available on the Company's website, of which information is updated on a regular basis.

Information released by the Company to the Stock Exchange is also posted on the Company's website immediately thereafter in accordance with the Listing Rules. Such information includes financial statements, announcements, circulars to Shareholders and notices of general meetings, etc.

The Board continues to maintain regular dialogue with institutional investors and analysts to keep them informed with the Group's strategy, operations, management and plans. The Company's website is also a source of information for its Shareholders and prospective Shareholders. All materials on annual reports, interim reports and announcements are available on our website immediately following confirmation of their release. The contact details of the Investor Relations are also available on the Company's website which allows Shareholders to contact the Company easily.

The Directors and the Board committees' members are available to answer the questions from the Shareholders through the annual general meeting. External auditor is also available at the annual general meeting to address Shareholders' queries. Separate resolutions are proposed at general meeting on each substantially separate issue.

Our investor relations activities include:

- teleconferencing with analysts and fund managers;
- updating the Company's website regularly;
- holding annual general meetings with Shareholders;
- disclosing information on a time basis via the Company and Stock Exchange's website.

Convening of General Meetings

The Board strives to maintain an on-going dialogue with the Shareholders of the Company. Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings. The process of the Company's general meeting are monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that Shareholders' needs are best served. The Company uses annual general meeting as one of the principal channels for communicating with the Shareholders. The Company ensures that Shareholders' views are communicated to the Board.

Corporate Governance Report

At the annual general meeting, each substantially separate issue has been considered by a separate resolution, including the election of individual Directors. The Chairman of the Board, chairmen of the respective Board committees and the external auditor usually attend annual general meetings to communicate with and answer questions from the Shareholders.

The last annual general meeting of the Company was the 2013 annual general meeting (the "2013 AGM") which was held on 26 May 2014 at Kennedy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong. The Directors, including the chairman of the Board, the chairman of each of the Audit Committee, the Remuneration Committee and the Nomination Committee, and representatives from Deloitte attended the 2013 AGM.

All resolutions put to Shareholders at the 2013 AGM were passed. The Company's Hong Kong branch share registrar were appointed as scrutineers to monitor and count the poll votes cast at that meeting. The results of the voting by poll were published on the websites of the Company and the Stock Exchange.

Resolutions proposed at the 2013 AGM		Percentage of votes
1	To consider and receive the audited consolidated financial statements of the Company and the reports of the directors and auditor for the year ended 31 December 2013.	99.99%
2	To re-elect Mr. Zhang Lin as an executive director of the Company.	99.87%
3	To re-elect Mr. Zhai Baojin as an executive director of the Company.	99.99%
4	To re-elect Mr. Tan Yaoyu as an executive director of the Company.	99.99%
5	To authorize the Board to fix the respective directors' remuneration.	99.99%
6	To appoint Messrs. Deloitte Touche Tohmatsu as the auditor of the Company and its subsidiaries to hold office until the conclusion of the next annual general meeting, and to authorize the Board to fix its remuneration.	99.99%
7	To give a general mandate to the directors to purchase the Company's ordinary shares not exceeding 10% of the aggregate nominal amount of the issued ordinary share capital of the Company as at the date of passing of this resolution.	99.99%
8	To give a general mandate to the directors to issue, allot and deal with additional ordinary shares of the Company not exceeding 20% of the aggregate nominal amount of the issued ordinary share capital of the Company as at the date of passing of this resolution.	99.70%
9	To extend the general mandate granted to the directors to issue, allot and deal with additional ordinary shares in the capital of the Company by the aggregate nominal amount of ordinary shares repurchased by the Company.	99.70%

Shareholder's Rights

Procedures for Shareholders to convene an extraordinary general meeting

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

Procedures for Shareholders to put forward proposals at Shareholders' meetings

The Board may whenever it think fit call extraordinary general meetings. Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expense incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures by which enquiries may be put to the Board

Shareholders may put forward enquiries to the Board through the Company Secretary who will direct the enquiries to the Board for handling.

Contact details of the Company Secretary:
Ms. Yeung Wing Kwan
18/F, 8 Queen's Road Central,
Central, Hong Kong
Fax: (852) 2868 2302

Company's constitutional documents

There was no significant change in the Company's Memorandum of Association and Bye-laws during the year.

Independent Auditor's Report

Deloitte.
德勤

TO THE SHAREHOLDERS OF
CHINA DAYE NON-FERROUS METALS MINING LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Daye Non-Ferrous Metals Mining Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 63 to 158 which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Independent Auditor's Report — Continued

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the Group's state of affairs as at 31 December 2014, and of its result and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
31 March 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Revenue	6, 7	**42,808,295**	43,598,452
Cost of sales/services		**(42,010,068)**	(42,702,412)
Gross profit		**798,227**	896,040
Other income	8	**174,823**	78,452
Selling expenses		**(75,994)**	(75,472)
Administrative expenses		**(346,574)**	(344,211)
Other operating expenses		**(19,598)**	(50,180)
Other (losses) gains, net	9	**(137,191)**	56,492
Impairment of goodwill	20	**–**	(1,961,656)
Finance costs	10	**(529,002)**	(536,801)
Share of results of joint ventures		**(22,901)**	–
Loss before tax		**(158,210)**	(1,937,336)
Income tax credit (expense)	11	**31,641**	(30,389)
Loss for the year	12	**(126,569)**	(1,967,725)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation		**1,872**	14,837
Share of net fair value gain on available-for-sale financial assets of joint ventures		**71,164**	–
		73,036	14,837
Total comprehensive expense for the year		**(53,533)**	(1,952,888)
Loss for the year attributable to:			
Owners of the Company		**(95,553)**	(1,949,229)
Non-controlling interests		**(31,016)**	(18,496)
		(126,569)	(1,967,725)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(22,517)**	(1,936,629)
Non-controlling interests		**(31,016)**	(16,259)
		(53,533)	(1,952,888)
Loss per share	15		
— Basic		**RMB(0.55) fen**	RMB(11.25) fen
— Diluted		**RMB(0.59) fen**	RMB(11.25) fen

Consolidated Statement of Financial Position

At 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**7,410,599**	6,640,509
Exploration and evaluation assets	17	**188,361**	161,023
Prepaid lease payments	18	**704,205**	718,894
Intangible assets	19	**777,917**	916,267
Interests in joint ventures	21	**112,965**	64,702
Restricted bank deposits	28	**–**	171,993
Deferred tax assets	22	**87,950**	76,056
Deposit for acquisition of intangible assets	23	**–**	31,696
Deposits for acquisition of property, plant and equipment	26	**47,380**	114,731
		9,329,377	8,895,871
CURRENT ASSETS			
Prepaid lease payments	18	**20,456**	20,299
Inventories	24	**4,494,964**	5,354,078
Trade, bills and notes receivables	25	**487,194**	643,273
Prepayments and other receivables	26	**500,241**	1,141,164
Derivative financial instruments	27	**40,354**	5,057
Restricted deposits and bank balances	28	**892,832**	301,972
Bank and other deposits, bank balances and cash	28	**1,401,186**	1,433,470
		7,837,227	8,899,313
CURRENT LIABILITIES			
Trade and bills payables	29	**1,133,451**	1,255,860
Other payables and accrued expenses	30	**1,269,965**	1,523,233
Income tax payable		**631**	–
Derivative financial instruments	27	**61,548**	154,006
Bank and other borrowings — due within one year	31	**5,021,480**	5,901,963
Cumulative redeemable preference shares	33	**–**	873
Early retirement obligation	36	**7,530**	9,710
		7,494,605	8,845,645
NET CURRENT ASSETS		**342,622**	53,668
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,671,999**	8,949,539

Consolidated Statement of Financial Position — Continued

At 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
CAPITAL AND RESERVES			
Share capital	37	**705,506**	705,506
Share premium and reserves		**2,840,265**	2,862,782
Equity attributable to owners of the Company		**3,545,771**	3,568,288
Non-controlling interests		**373,296**	404,312
TOTAL EQUITY		**3,919,067**	3,972,600
NON-CURRENT LIABILITIES			
Convertible note/bonds	34	**1,377,919**	1,354,274
Bank and other borrowings — due after one year	31	**3,961,088**	3,194,645
Deferred income	35	**230,432**	217,023
Provision for mine rehabilitation, restoration and dismantling	32	**40,344**	39,169
Early retirement obligation	36	**22,078**	30,153
Deferred tax liabilities	22	**121,071**	141,675
		5,752,932	4,976,939
		9,671,999	8,949,539

The consolidated financial statements on pages 63 to 158 were approved and authorised for issue by the Board of Directors on 31 March 2015 and are signed on its behalf by:

Zhang Lin
DIRECTOR

Long Zhong Sheng
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Equity attributable to owners of the Company													
	Ordinary share capital RMB'000	Other reserve RMB'000 (Note (v))	Contributed surplus accounts RMB'000	Share premium RMB'000	Share option reserve RMB'000	Convertible note equity reserve RMB'000 (Note 34(a))	Capital reserve RMB'000 (Note (i))	PRC statutory reserves RMB'000 (Note (ii))	Available-for-sale financial assets revaluation reserve RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2013	705,506	1,554,303	–	6,531,958	51,648	281,298	(4,197,317)	74,097	–	5,876	485,079	5,492,448	433,040	5,925,488
Loss for the year	–	–	–	–	–	–	–	–	–	–	(1,949,229)	(1,949,229)	(18,496)	(1,967,725)
Other comprehensive income for the year	–	–	–	–	–	–	–	–	–	12,600	–	12,600	2,237	14,837
Total comprehensive income (expense) for the year	–	–	–	–	–	–	–	–	–	12,600	(1,949,229)	(1,936,629)	(16,259)	(1,952,888)
Reduction of share premium *(Note (iii))*	–	–	4,373,075	(6,531,958)	–	–	–	–	–	–	2,158,883	–	–	–
Cancellation and lapse of share options *(Note(iv))*	–	–	–	–	(51,648)	–	–	–	–	–	51,648	–	–	–
Transfer of PRC statutory reserves	–	–	–	–	–	–	–	23,439	–	–	(23,439)	–	–	–
Appropriation of maintenance and production funds	–	–	–	–	–	–	–	58,524	–	–	(58,524)	–	–	–
Utilisation of maintenance and production funds	–	–	–	–	–	–	–	(58,524)	–	–	58,524	–	–	–
Deemed acquisition of additional equity interests of subsidiaries	–	–	–	–	–	–	12,469	–	–	–	–	12,469	(12,469)	–
At 31 December 2013	705,506	1,554,303	4,373,075	–	–	281,298	(4,184,848)	97,536	–	18,476	722,942	3,568,288	404,312	3,972,600
Loss for the year	–	–	–	–	–	–	–	–	–	–	(95,553)	(95,553)	(31,016)	(126,569)
Other comprehensive income for the year	–	–	–	–	–	–	–	–	71,164	1,872	–	73,036	–	73,036
Total comprehensive income (expense) for the year	–	–	–	–	–	–	–	–	71,164	1,872	(95,553)	(22,517)	(31,016)	(53,533)
Transfer to PRC statutory reserves	–	–	–	–	–	–	–	9,064	–	–	(9,064)	–	–	–
Appropriation of maintenance and production funds	–	–	–	–	–	–	–	62,073	–	–	(62,073)	–	–	–
Utilisation of maintenance and production funds	–	–	–	–	–	–	–	(62,073)	–	–	62,073	–	–	–
At 31 December 2014	705,506	1,554,303	4,373,075	–	–	281,298	(4,184,848)	106,600	71,164	20,348	618,325	3,545,771	373,296	3,919,067

Notes:

(i) The balance of capital reserve mainly arose from the acquisition of entire issued share capital of Prosper Well Group Limited ("Prosper Well", a company incorporated in British Virgin Islands ("BVI") with limited liability) from China Times Development Limited ("China Times") and China Cinda (HK) Asset Management Co., Limited ("Cinda HK") by the allotment and issue of 10,799,762,092 and 936,953,542 ordinary shares of the Company with nominal value of HK$0.05 each (collectively referred to as the "Consideration Shares") to China Times and Cinda HK, respectively, as well as the issue of HK$1,003,836,048 zero coupon convertible note to China Times (the "Transaction").

The details of the Transaction are set out in the Company's circular dated 29 December 2011 and the Company's supplemental circular dated 17 February 2012.

(ii) Statutory reserves

<u>Statutory surplus reserve</u>

Pursuant to the relevant laws in the People's Republic of China (the "PRC"), each of the subsidiaries established in the PRC is required to transfer 10% of its profit after tax as per statutory financial statements (as determined by the management of the subsidiary) to the reserve fund (including the general reserve fund and enterprise development fund where appropriate). The general reserve fund is discretionary when the fund balance reaches 50% of the registered capital of the respective company and can be used to make up for previous years' losses or, expand the existing operations or can be converted into additional capital of the subsidiary. The enterprise development fund can only be used for development and is not available for distribution to shareholder.

<u>Specific reserve for maintenance and production funds</u>

Pursuant to the relevant PRC regulations, provision for production maintenance, production safety and other related expenditures are accrued by the Group at fixed rates based on production volume or operating revenues (the "maintenance and production funds"). The Group is required to make a transfer for the provision of maintenance and production funds from retained profits to a specific reserve. The maintenance and production funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of maintenance and production funds utilised would be transferred from the specific reserve back to retained profits.

(iii) In accordance with the provisions of section 46(2) of the Companies Act of Bermuda and with effect from 10 June 2013, the entire amount standing to the credit of the share premium account of the Company was cancelled and was partly applied to eliminate in full accumulated losses of the Company with the remainder to be credited to the contributed surplus account of the Company.

(iv) Pursuant to the board resolution of the Company on 26 March 2013, the Company's share option scheme adopted on 13 March 2003 was cancelled.

(v) Other reserve represents the deemed consideration to be given by Prosper Well for the Transaction, being the fair value of the Company's shares immediately prior to the Transaction excluding the carrying amount of ordinary share capital of the Company.

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	2014 *RMB'000*	2013 *RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(158,210)**	(1,937,336)
Adjustments for:		
Interest income	**(67,220)**	(47,574)
Net exchange losses	**23,592**	5,353
Finance costs	**529,002**	536,801
Depreciation and amortisation	**519,333**	488,908
Losses on disposal of property, plant and equipment, net	**1,832**	10,623
Allowance for impairment of trade receivables	**6,691**	53
(Reversal of) allowance for impairment of other receivables	**(13,633)**	7,752
Reversal of provision for employees medical obligation	**–**	(90,736)
(Gain) loss on fair value changes in respect of commodity derivatives contracts, currency forward contracts, and inventory hedged by commodity derivative contracts	**(120,303)**	131,952
Loss (gain) on fair value changes in respect of gold loans	**145,219**	(127,485)
Gain on derivative component on convertible notes/bonds	**(92,525)**	(38,440)
Gain on disposal of subsidiaries	**–**	(42,072)
Impairment of goodwill	**–**	1,961,656
Deferred income recognised	**(13,535)**	(9,845)
Share of result of joint ventures	**22,901**	–
Provision for inventories	**6,400**	–
Impairment of mining rights	**175,636**	186,183
Operating cash flows before movements in working capital	**965,180**	1,035,793
Decrease (increase) in inventories	**852,714**	(581,113)
(Increase) decrease in derivative financial instruments	**(7,452)**	8,940
Decrease (increase) in trade, bills and notes receivables	**149,388**	(1,675,788)
Decrease (increase) in prepayments and other receivables	**652,518**	(1,482,275)
(Decrease) increase in trade and bills payables	**(122,409)**	1,169,128
(Decrease) increase in other payables and accrued expenses	**(228,864)**	1,319,940
Benefits paid for early retirement and employees medical obligation	**(11,835)**	(89,513)
Decrease (increase) in other deposits	**177,303**	(253,498)
Cash from (used in) operations	**2,426,543**	(548,386)
Income taxes paid	**(255)**	(1,294)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**2,426,288**	(549,680)

Consolidated Statement of Cash Flows — Continued

For the year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(1,120,937)**	(1,242,342)
Expenditure on exploration and evaluation assets		**(27,338)**	(70,783)
Purchase of intangible assets		**(34,617)**	(774)
Refund of Tong Xing Consideration		**–**	26,080
Receipt of consideration for disposal of subsidiaries	38	**2,038**	–
Addition of prepaid lease payments		**(5,925)**	–
Proceeds from disposal of property, plant and equipment		**595**	1,272
Net cash outflow from disposal of subsidiaries	38	**–**	(91,617)
Receipts of government grants		**24,210**	47,329
Purchase of financial assets		**–**	(4,921,876)
Placement of restricted bank deposits and bank balances		**(3,862,591)**	(749,795)
Release of restricted bank deposits and bank balances		**3,094,428**	1,146,213
Retrieval of non-restricted bank deposits with original maturity of more than three months when acquired		**171,993**	–
Placement of non-restricted bank deposits with original maturity of more than three months when acquired		**–**	(171,993)
Interest received		**67,220**	47,574
NET CASH USED IN INVESTING ACTIVITIES		**(1,690,924)**	(5,980,712)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from new borrowings		**16,398,658**	12,586,468
Repayment of borrowings		**(17,332,841)**	(4,941,743)
Proceeds from convertible bonds		**–**	796,000
Repayment of convertible notes		**–**	(174,882)
Redemption of cumulative redeemable preference shares		**(116)**	–
Advance from Daye Nonferrous Metals Corporation Holdings Limited ("Daye Corporation", an intermediate holding company of the Company)		**510,131**	222,329
Repayment to Daye Corporation		**(100,000)**	(1,180,007)
Advance from Daye Nonferrous Metals Group Finance Co., Ltd. ("Daye Finance Company", a fellow subsidiary of the Company)		**328,000**	–
Repayment to Daye Finance Company		**(100,000)**	–
Capital contribution from non-controlling interests		**–**	4,900
Finance costs paid		**(477,222)**	(351,260)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		**(773,390)**	6,961,805
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(38,026)**	431,413
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**1,433,470**	1,030,709
Effect of foreign exchange rate changes		**5,742**	(28,652)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**1,401,186**	1,433,470
REPRESENTED BY:			
Bank and other deposits, bank balances and cash		**1,401,186**	1,433,470

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

1. GENERAL INFORMATION

China Daye Non-Ferrous Metals Mining Limited (the "Company", together with its subsidiaries, collectively referred to as the "Group") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

The address of the registered office and principal place of business of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and 18th Floor, 8 Queen's Road Central, Central, Hong Kong, respectively.

The principal activity of the Company is investment holding. The Company's subsidiaries are principally involved in mining and processing of mineral ores and selling/trading of metal products. In the opinion of the directors of the Company (the "Directors"), the ultimate holding company of the Company is China Nonferrous Metal Mining (Group) Co., Ltd., a company incorporated with limited liability under the laws of the People's Republic of China (the "PRC").

The functional currency of the companies comprising the Group is Renminbi ("RMB"), except for the functional currency of the Company and its certain subsidiaries is Hong Kong Dollar ("HK$"), and these consolidated financial statements have been presented in RMB.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Transaction (as defined in note (i) to the consolidated statement of changes in equity) has been accounted for as a reverse acquisition under Hong Kong Financial Reporting Standard 3 *Business Combination* because the issuance of the Consideration Shares and the convertible note in exchange of the entire shareholding in Prosper Well resulted in China Times, previously holding 20.8% shareholding in the Company, becoming the controlling shareholder of the Company holding 69.04% equity interests upon completion of the Transaction. For accounting purpose, the Company (together with its subsidiaries before the completion of the Transaction, collectively referred as the "Existing Group") is deemed to have been acquired by Prosper Well which is deemed as the accounting acquirer. These consolidated financial statements have been prepared as a continuation of the consolidated financial statements of the Prosper Well Group and accordingly:

(i) The assets and liabilities of the Prosper Well Group are recognised and measured at their carrying amounts; and

(ii) The identified assets and liabilities of the Existing Group are recognised and measured initially at their fair value in accordance with the HKFRS 3.

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

Except for the early application of amendments to HKAS 36 *Recoverable Amount Disclosures for Non-financial Assets*, the Group has applied, for the first time, an interpretation and certain amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are mandatorily effective in the current year:

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

HK(IFRIC)-Int 21 *Levies*

HK(IFRIC)-Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

HK(IFRIC)-Int 21 has been applied retrospectively. The application of this interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

The application of other amendments to HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

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

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

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

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

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments.

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

HKFRS 9 *Financial Instruments* *(Continued)*

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

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

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

HKFRS 9 *Financial Instruments* (Continued)

Except for the potential early recognition of credit losses based on the expected loss model in relation to the Group's financial assets measured at amortised costs, the Directors anticipate that the adoption of HKFRS 9 in the future may have impact on amounts reported in respect of certain of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review is performed.

HKFRS 15 *Revenue from Contracts with Customers*

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

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

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

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

The Directors are still assessing the impacts on the application of HKFRS 15 on the amounts reported and disclosures made in the Group's consolidated financial statements. It is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

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

Amendments to HKAS 16 and HKAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or

(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the unit of production method for depreciation for its mining infrastructure and property (as included in property, plant and equipment) and the straight-line method for depreciation and amortisation for its other property, plant and equipment and intangible assets, respectively. The Directors are still assessing the impacts on the application of the amendments on the amounts reported and disclosures made in the Group's consolidated financial statements. It is not practicable to provide a reasonable estimate of the effect of these amendments until the Group performs a detailed review.

Other than set out above, the Directors do not anticipate that the application of other amendments to HKFRSs will have a material impact on amounts reported in the Group's consolidated financial statements and/or disclosures set out in these consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance (Cap. 32).

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

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

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

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 listed above.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in joint ventures

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

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Property, plant and equipment

Property, plant and equipment (other than construction in progress) is stated in the consolidated statement of financial position at historical cost less subsequent accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation of mining infrastructure and property is calculated using the units-of-production method based on the estimated proven and probable mineral reserves.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

Depreciation for other property, plant and equipment (other than construction in progress) is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	10 to 40 years
Plant and machinery	12 to 20 years
Motor vehicles	8 to 12 years
Electricity equipment and others	5 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Construction in progress, which represents assets under construction, is stated at cost less impairment loss, if any. When the assets are completed and ready for use, the carrying amount of the assets will be reclassified to property, plant and equipment and depreciated in accordance with the policy as set out above.

Exploration and evaluation expenditures

The Group capitalises only expenditures directly attributable to exploration and evaluation activities, including acquisition of exploration rights, topographical and geological studies, exploratory drilling, trenching, sampling, and activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource during exploration and evaluation phase related to a specific area of interest to the extent that the Group's right to tenure of the area of interest is current.

Details of these capitalised expenditures are set out in note 17.

These capitalised expenditures are stated at cost less impairment and are presented within non-current assets as "Exploration and evaluation assets" on the consolidated statement of financial position.

A "feasibility study" consists of a comprehensive study of the viability of a mineral project that has advanced to a phase where the mining method has established, and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering and operating economic factors, and the evaluation of other relevant factors. The feasibility study allows the Group to conclude whether it is demonstrable that it will obtain future economic benefits from the expenditures.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Exploration and evaluation expenditures *(Continued)*

Once the final feasibility study has been completed and a development decision has been taken, accumulated capitalised exploration and evaluation expenditures in respect of an area of interest are transferred to non-current assets as either "Intangible assets" or "Property, plant and equipment", as appropriate. In circumstances when an area of interest is abandoned or management decides it is not commercially viable, any accumulated costs in respect of that area are written off in the period the decision is made.

Capitalised exploration and evaluation expenditures are assessed for impairment when facts and circumstances indicate that the carrying amount of an exploration and evaluation expenditure may exceed its recoverable amount. Once a development decision has been taken, the capitalised expenditures are also assessed for impairment before reclassification. An impairment test is performed if any of the following indicators are present:

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

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

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

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

For the purposes of assessing impairment, the capitalised exploration and evaluation expenditures subject to testing located in the same geographical region are grouped as one cash generating unit.

Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses.

Amortisation for mining rights is provided on a straight-line basis over their respective licence periods of 3 to 23 years.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets *(Continued)*

Intangible assets acquired in a business combination *(Continued)*

Amortisation for other intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives of 5 years.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Impairment losses on tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing

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

The Group as lessee

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

Leasehold land and buildings

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "Prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

Mine rehabilitation, restoration and dismantling

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a mine or production facilities. Costs arising from the dismantling the plant and restoring the site, discounted to net present value, are provided for and a corresponding amount is capitalised at the start of each project, as soon as the obligation to incur such costs arises. These costs are charged to profit or loss over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The cost estimates are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost estimates or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is shown as a finance cost in profit or loss.

Costs for restoration of subsequent site damage which is caused on an ongoing basis during production are provided for at their net present values and charged to profit or loss as extraction progresses. Where the costs of site restoration are not anticipated to be significant, they are expensed as incurred.

Research costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: "financial assets at fair value through profit or loss" ("FVTPL"), "available-for-sale ("AFS") financial assets" and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

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

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near future; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the "Other (losses) gains, net" line item. Fair value is determined in the manner described in note 40.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Equity and debt securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of "Available-for-sale financial assets revaluation reserve". When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the available-for-sale financial assets revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on AFS equity investments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade, bills and notes receivables, other receivables, restricted deposits and bank balances, bank and other deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

For certain categories of financial asset, such as trade, bills and notes receivables and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

The carrying amounts of trade, bills and notes receivables and other receivables are reduced through the use of an allowance account. When a trade, bills and notes receivables or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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

Financial liabilities and equity instruments

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Equity instruments

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

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, gold loans are designated as financial liabilities at FVTPL at initial recognition.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the "Other (losses) gain, net" line item. Fair value is determined in the manner described in note 40.

Convertible notes/bonds

The component parts of compound hybrid instruments (convertible notes/bonds) issued by the Company are classified separately in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a derivative component (including the conversion option and the redemption option).

At the date of issue, both the debt component and derivative component (including the conversion option and the redemption option) are recognised at fair value. In subsequent periods, the debt component of the convertible notes/bonds is carried at amortised cost using the effective interest method. The derivative component (including the conversion option and the redemption option) is measured at fair value with changes in fair value recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Convertible notes/bonds (Continued)

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. When the conversion option remains unexercised at the maturity date of the convertible note/bond, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes/bonds are allocated to the liability and equity or derivative components in proportion to the allocation of the gross proceeds or their relative fair value, as appropriate. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes/bonds using the effective interest method. Transaction costs relating to the derivative component is recognised immediately in profit and loss.

Other financial liabilities

Other financial liabilities (including trade, bills and other payables, bank and other borrowings (other than gold loans)) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Hedge accounting

The Group designates certain derivatives as hedges instruments for fair value hedge.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values of the hedged item attributable to the hedged risk.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The changes in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it is no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a straight-line basis over the useful lives of the related assets.

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

Inventories

Inventories are stated at the lower of cost and net realisable value.

Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of materials indicates that the cost of the finished products will exceed net realisable value, the materials are written down to net realisable value.

Costs of inventories are determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Cost of inventories also includes gains and losses on qualifying fair value hedge in respect of inventories designated as hedged items. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

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

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the ordinary course of business. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed.

(b) Rendering of services

The Group provided copper processing services. Service income is recognised when services are provided.

(c) Interest income

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

Foreign currencies

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

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of "Translation reserve".

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employees benefits

Pension obligation

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to certain ceiling. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in an independent fund managed by the PRC government. The Group's contributions to these plans are expensed as incurred.

Moreover, the Group's contributions to the defined contribution retirement scheme set up pursuant to the Hong Kong Mandatory Provident Fund Schemes Ordinance (the "MPF" Scheme) for all qualifying employees are expensed as incurred. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Early retirement obligation

Early retirement are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises early retirement obligation when the Group can no longer withdraw the offer of the early retirement. The early retirement is offered for a clearly defined period and once the termination plan is confirmed by the employee and the Group, there is no possibility of new participant. Benefits falling due more than 12 months after the end of reporting period are discounted to present value using the projected unit credit actuarial valuation method.

Other social insurance and housing funds

The Group provides other social insurance and housing funds to the qualified employees in the PRC based on certain percentages of their salaries. These percentages are not to exceed the upper limits of the percentages prescribed by Ministry of Human Resources and Social Security of the PRC. These benefits are paid to social security organisation and the amounts are expensed as incurred. The Group has no legal or constructive obligations for further contributions if the fund does not hold sufficient assets to pay all employees the benefit relating to their current and past services.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the Directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The followings are 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.

i. Impairment of tangible and intangible assets other than goodwill

Non-current tangible and intangible assets include property, plant and equipment, exploration and evaluation assets, prepaid lease payments, mining rights and deposits for acquisition of intangible assets and property, plant and equipment. These non-current tangible and intangible assets are stated at costs less accumulated depreciation/amortisation and impairment, as appropriate. The Directors review for their impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the fair value less costs of disposal or the value in use, i.e. the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs.

Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the recoverable amount used in the impairment test.

During the year, the Group recognised losses on impairment of mining rights of RMB175,636,000 (2013: RMB186,183,000) in relation to the Group's copper mines in Xinjiang Uygur Autonomous Region in view of the unfavourable future prospects of the relevant copper mines and further deterioration of copper price. Further details are set out in note 19.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

ii. Exploration and related expenses

The application of the Group's accounting policy for exploration and evaluation expenditure requires determination whether it is likely that future economic benefits will arise, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalised, facts and circumstances change and new information becomes available suggesting that the recoverable amounts of capitalised expenditures are less than its carrying amounts, the amount capitalised is written off in profit or loss in the period when the new information becomes available. The carrying amount of exploration and evaluation assets at the end of reporting period was detailed in note 17.

iii. Mine reserves

Engineering estimates of the Group's mine reserves are inherently imprecise and represent only approximate amounts because of the subjective estimations 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 proven and probable. Proven and probable mine reserve estimates are updated on a regular basis and have taken into account recent production and technical information about each mine. In addition, price and cost levels change from year to year, the estimates of proven and probable mine reserves also change. This change is considered a change in estimate for accounting purposes and is reflected on a prospective basis in the related depreciation rate of mining infrastructure and property. The carrying amount of mining infrastructure and property and the related depreciation was detailed in note 16.

iv. Mine rehabilitation, restoration and dismantling obligations

Provision is made for the anticipated costs of future restoration, rehabilitation and dismantling of mining areas from which natural resources have been extracted. These provisions include future cost estimates associated with plant closures, waste site closures, monitoring, demolition, decontamination, water purification and permanent storage of historical residues.

These future cost estimates are discounted to their present value. The calculation of these provision estimates requires assumptions such as application of environmental legislation, plant closure dates, available technologies, engineering cost estimates and discount rates. A change in any of the assumptions used may have a material impact on the carrying value of mine rehabilitation, restoration and dismantling provisions.

v. Early retirement obligation

The Group establishes liabilities in connection with benefits payable to certain early retired employees. The amounts of employee benefit expenses and liabilities are determined using actuarial valuations, which are calculated by independent valuation professionals who conduct assessment of the actuarial position of the Group's retirement plans. These actuarial valuations involve making assumptions on discount rates, benefit inflation rates, and other factors. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

Actual results that differ from the assumptions are recognised immediately and therefore, affect recognised expenses in the period in which such differences arise. While management believes that its assumptions are appropriate, differences in actual experience or changes in assumptions may affect the expenses related to the early retirement obligation.

6. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold and serviced rendered, after trade discounts and sales related tax, for the year.

An analysis of the Group's revenue for the year is as follows:

	2014	2013
	RMB'000	*RMB'000*
Revenue from sale of goods	**42,747,781**	43,543,030
Revenue from the rendering of services	**60,514**	55,422
	42,808,295	43,598,452

7. SEGMENT INFORMATION

Information reported to the chief executive officer of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of performance focuses on types of goods or services delivered or provided. The chief operating decision maker regularly reviews revenue by respective products and services and the consolidated financial statements of the Group prepared in accordance with HKFRSs as a whole. However, no further discrete financial information is available. Accordingly, no operating segment information is presented other than entity-wide disclosures.

The following is an analysis of the Group's revenue by major product and service categories:

	2014	2013
	RMB'000	*RMB'000*
Sales of goods		
— copper cathodes	**29,020,454**	30,148,297
— other copper products	**897,076**	4,845,557
— gold and other gold products	**8,628,869**	5,258,387
— silver and other silver products	**3,269,413**	2,357,760
— sulphuric acid and sulphuric concentrate	**204,621**	143,668
— iron ores	**255,293**	231,534
— others	**472,055**	557,827
	42,747,781	43,543,030
Rendering of services		
— copper processing	**49,910**	45,039
— others	**10,604**	10,383
	60,514	55,422
Total revenue	**42,808,295**	43,598,452

7. SEGMENT INFORMATION *(Continued)*

Geographical information

The Group operates in three principal geographical areas — the PRC, Hong Kong and The Republic of Mongolia ("Mongolia").

The Group's revenue from external customers by location of operations and information about its non-current assets (excluding deferred tax assets and restricted bank deposits) by location of assets are detailed below:

	Revenue from external customers For the year ended 31 December		**Non-current assets At 31 December**	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
PRC	**40,294,070**	42,517,668	**9,175,568**	8,610,114
Hong Kong	**2,514,225**	1,080,784	**65,411**	37,179
Mongolia	**–**	–	**448**	529
	42,808,295	43,598,452	**9,241,427**	8,647,822

Information about major customers

Details of customers who accounted for 10% or more of total consolidated revenue are as follows:

	2014	2013
	RMB'000	*RMB'000*
Percentage to consolidated revenue		
— Customer A	**20.0%**	11.9%

8. OTHER INCOME

	2014	2013
	RMB'000	*RMB'000*
Interest income	**67,220**	47,574
Value-added tax refund	**12,729**	9,400
Government grants received *(Note)*	**81,339**	11,633
Deferred income recognised *(Note 35)*	**13,535**	9,845
	174,823	78,452

Note: The government grants mainly represented subsidies for interest (incurred on imported copper ores) in 2013 and 2014 and employees medical expenses in 2014. The relevant interest expense and employees medical expenses had been previously charged to profit or loss.

9. OTHER (LOSSES) GAINS, NET

	2014 RMB'000	2013 RMB'000
Losses on disposal of property, plant and equipment, net	**(1,832)**	(10,623)
Gain on disposal of subsidiaries	**–**	42,072
Impairment of mining rights *(Note 19)*	**(175,636)**	(186,183)
Fair value changes (transactions not qualified as fair value hedges) from:		
— Commodity derivative contracts	**113,730**	(121,918)
— Currency forward contracts	**6,573**	(10,034)
— Gold loans designated as financial liabilities at fair value through profit or loss	**(145,219)**	127,485
Fair value changes (transactions qualified as fair value hedges) from:		
— Inventory hedged by commodity derivative contracts	**818**	8,464
— Fair value gains of commodity derivative contracts designated as hedging instrument	**(818)**	(8,464)
Gain on derivative component on convertible notes/bonds	**92,525**	38,440
Exchange (losses) gains, net	**(36,793)**	89,532
(Allowance for) reversal of impairment of:		
— trade receivables *(Note 25)*	**(6,691)**	(53)
— other receivables *(Note 26)*	**13,633**	(7,752)
Reversal of provision upon obligation discharged	**–**	90,976
Others	**2,519**	4,550
	(137,191)	56,492

10. FINANCE COSTS

	2014 RMB'000	2013 RMB'000
Interest on bank and other borrowings:		
— wholly repayable within five years	**(380,524)**	(366,740)
— not wholly repayable within five years	**(8,674)**	(5,865)
Interest on loans from Daye Corporation	**(57,984)**	(70,358)
Interest on loans from Daye Finance Company	**(3,513)**	–
Interest on convertible notes/bonds	**(129,630)**	(108,061)
Unwind interest of provision for mine rehabilitation, restoration and dismantling	**(1,175)**	(1,141)
Unwind interest of provision for employees medical obligation	**–**	(5,281)
Unwind interest of early retirement obligation	**(1,580)**	(1,620)
Total borrowing costs	**(583,080)**	(559,066)
Less: Amounts capitalised in the cost of qualifying assets	**54,078**	22,265
	(529,002)	(536,801)
The weighted average capitalisation rate on funds borrowed, generally (per annum)	**5.67%**	5.43%

11. INCOME TAX CREDIT (EXPENSE)

	2014 RMB'000	2013 RMB'000
PRC Enterprise Income Tax	**(886)**	(115)
Deferred income tax *(Note 22)*	**32,527**	(30,274)
	31,641	(30,389)

No provision for Hong Kong profits tax has been made as the Group has no assessable profit generated in Hong Kong for both years. Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate of the Group was 25% for both years.

11. INCOME TAX CREDIT (EXPENSE) *(Continued)*

Income tax credit (expense) for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2014 **RMB'000**	2013 RMB'000
Loss before tax	**(158,210)**	(1,937,336)
Tax at applicable income tax rate of 25% (2013: 25%)	**39,553**	484,334
Effect of tax concession *(Note (i))*	**751**	1,028
Income not subject to tax *(Note (ii))*	**42,062**	38,312
Expenses not deductible for tax purposes		
— Effect of impairment of goodwill	**–**	(490,414)
— Effect of impairment of mining rights	**(23,659)**	(46,545)
— Others	**(9,056)**	(4,096)
Tax losses not recognised	**(15,876)**	(8,585)
Effect of different tax rates of group entities operating in jurisdictions other than the PRC	**(2,134)**	(4,423)
Income tax credit (expense) for the year	**31,641**	(30,389)
Effective tax rate	**20.00%**	(1.57)%

Notes:

(i) In accordance with Article 100 of the Regulations on the Implementation of EIT Law of the PRC, where an enterprise purchases and actually utilises any of the special purpose equipment related to environmental protection, energy and water conservation and work safety prescribed in the Catalogue of Preferential Enterprise Income Tax Treatments for Environmental Protection Equipment, the Catalogue of Preferential Enterprise Income Tax Treatments for Equipment specially for Energy and Water Conservation, and the Catalogue of Preferential Enterprise Income Tax Treatments for Work Safety Equipment, 10% of the investment in the special-purpose equipment may be offset against its tax payable for the current year; where the tax payable is insufficient for the credit, the excess may be carried forward for credit in the following five taxable years.

(ii) Income not subject to tax mainly represents exempted income from the Group's sales of metal products produced using prescribed resources, including silver and vitriol, pursuant to the Article 33 of the EIT Law and the Article 99 of the PRC EIT Detailed Implementation Regulations. According to these tax regulations, 10% of the income derived from the sales of particular products can be deducted from taxable income of an entity if it utilises certain prescribed resources, that are not restricted or prohibited by the PRC government and satisfy the relevant State and industrial criteria, as the major materials in the production of those products.

12. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging (crediting):

	2014 *RMB'000*	2013 *RMB'000*
Depreciation of property, plant and equipment	**469,849**	439,970
Amortisation of intangible assets	**29,027**	28,639
Amortisation of prepaid lease payments	**20,457**	20,299
Auditor's remuneration	**3,350**	3,329
Staff costs		
(including Directors' remuneration as disclosed in Note 13):		
— Salaries, wages and welfare	**537,200**	591,904
— Retirement benefit schemes contributions	**145,990**	145,310
Total staff costs	**683,190**	737,214
Cost of inventories recognised as an expense	**41,961,210**	42,654,791
Research costs	**6,008**	8,829
Donations	**6**	274
Minimum lease payments in respect of land and buildings	**15,263**	18,560

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For the year ended 31 December 2014

13. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS

Directors

Details of the emoluments paid to the Directors for the year are as follows:

		Other emoluments		
	Fees *RMB'000*	**Salaries and other allowances** *RMB'000*	**Retirement benefit scheme contributions** *RMB'000*	**Total** *RMB'000*
2014				
Executive Directors				
Mr. Zhang Lin	**–**	**716**	**31**	**747**
Mr. Long Zhong Sheng *(Note (a))*	**1,316**	**–**	**61**	**1,377**
Mr. Zhai Baojin	**–**	**716**	**31**	**747**
Mr. Tan Yaoyu	**–**	**813**	**31**	**844**
Independent Non-executive Directors				
Mr. Wang Guoqi	**79**	**–**	**–**	**79**
Mr. Wang Qihong	**79**	**–**	**–**	**79**
Mr. Qiu Guanzhou *(Note (b))*	**48**	**–**	**–**	**48**
Mr. Liu Jishun *(Note (b))*	**33**	**–**	**–**	**33**
	1,555	**2,245**	**154**	**3,954**
2013				
Executive Directors				
Mr. Zhang Lin	–	757	28	785
Mr. Long Zhong Sheng *(Note (a))*	1,739	281	28	2,048
Mr. Zhai Baojin	–	757	28	785
Mr. Tan Yaoyu	–	568	28	596
Mr. Wan Bi Qi *(Note (c))*	712	–	9	721
Independent Non-executive Directors				
Mr. Wang Guoqi	80	–	–	80
Mr. Wang Qihong	80	–	–	80
Mr. Qiu Guanzhou	80	–	–	80
	2,691	2,363	121	5,175

Notes:

(a) Mr. Long Zhong Sheng is the Chief Executive Officer of the Company in 2013 and 2014 and his emoluments disclosed above include those for services rendered by him as the Chief Executive Officer.

(b) Mr. Qiu Guanzhou resigned and Mr. Liu Jishun was appointed as an Independent Non-executive Director on 31 July 2014.

(c) Mr. Wan Bi Qi resigned as an Executive Director on 20 May 2013.

13. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

Employees

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

	2014 ***RMB'000***	2013 *RMB'000*
Salaries and other allowances	**637**	2,318
Retirement benefit schemes contributions	**44**	126
	681	2,444

The emoluments of the above employees were within the following bands:

	2014	2013
	Number of employees	
HK$ Nil to HK$1,000,000	**1**	–
HK$1,000,001 to HK$1,500,000	**–**	2

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

14. DIVIDENDS

No dividend was paid or proposed during 2014, nor has any dividend been proposed since the end of the reporting period (2013: Nil).

15. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the ordinary shareholders of the Company is based on the following data:

	2014 **RMB'000**	2013 *RMB'000*
Loss		
Loss for purpose of basic loss per share (Loss for the year attributable to owners of the Company	**(95,553)**	(1,949,229)
Effect of dilutive potential ordinary shares:		
— RMB820,000,000 0.5% convertible bonds		
• Interest on convertible bonds	**66,118**	–
• Gain on derivative component	**(92,525)**	–
Loss for the purpose of diluted loss per share	**(121,960)**	(1,949,229)

	'000	*'000*
Number of shares		
Number of ordinary shares for the purpose of basic loss per share	**17,327,911**	17,327,911
Effect of dilutive potential ordinary shares:		
— RMB820,000,000 0.5% convertible bonds	**3,422,699**	–
	20,750,610	17,327,911

The computation of diluted loss per share for the year ended 31 December 2014 does not assume the conversion of the Company's outstanding HK$1,003,836,048 zero coupon convertible note since its exercise would result in a decrease in loss per share for the year ended 31 December 2014.

The computation of diluted loss per share for the year ended 31 December 2013 does not assume the conversion of the Company's outstanding HK$1,003,836,048 zero coupon convertible note, RMB820,000,000 0.5% convertible bonds and HK$220,000,000 1% convertible notes since their exercise would result in a decrease in loss per share for the year ended 31 December 2013.

The computation of diluted loss per share for the year ended 31 December 2013 does not assume the exercise of the Company's outstanding share options because the exercise price of those options was higher than the average market price of the Company's ordinary shares for 2013.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Mining infrastructure and property RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Electricity equipment and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:							
At 1 January 2013	3,131,001	970,807	2,615,461	144,582	56,121	1,015,435	7,933,407
Additions	31,035	850	183,675	9,673	1,816	1,245,846	1,472,895
Transfer from construction in progress	359,377	61,241	124,553	–	–	(545,171)	–
Disposals	(17,918)	–	(42,788)	(4,613)	(1,491)	–	(66,810)
At 31 December 2013	3,503,495	1,032,898	2,880,901	149,642	56,446	1,716,110	9,339,492
Additions	1,924	1,064	220,316	5,057	4,823	1,009,182	1,242,366
Transfer from construction in progress	932,679	85,056	81,665	–	–	(1,099,400)	–
Disposals	(6,357)	–	(9,394)	(1,289)	(360)	–	(17,400)
At 31 December 2014	4,431,741	1,119,018	3,173,488	153,410	60,909	1,625,892	10,564,458
Accumulated depreciation:							
At 1 January 2013	(819,786)	(312,574)	(1,111,284)	(53,753)	(16,531)	–	(2,313,928)
Depreciation	(182,987)	(55,618)	(184,272)	(14,492)	(2,601)	–	(439,970)
Disposals	15,088	–	34,765	4,384	678	–	54,915
At 31 December 2013	(987,685)	(368,192)	(1,260,791)	(63,861)	(18,454)	–	(2,698,983)
Depreciation	(180,816)	(68,172)	(202,248)	(15,022)	(3,591)	–	(469,849)
Disposals	5,187	–	8,491	1,100	195	–	14,973
At 31 December 2014	(1,163,314)	(436,364)	(1,454,548)	(77,783)	(21,850)	–	(3,153,859)
Carrying amounts:							
At 31 December 2014	3,268,427	682,654	1,718,940	75,627	39,059	1,625,892	7,410,599
At 31 December 2013	2,515,810	664,706	1,620,110	85,781	37,992	1,716,110	6,640,509

The buildings are situated in the PRC under medium term leases.

17. EXPLORATION AND EVALUATION ASSETS

	RMB'000
At 1 January 2013	90,240
Additions	70,783
At 31 December 2013	161,023
Additions	27,338
At 31 December 2014	188,361

The exploration and evaluation expenditures of the Group mainly represented the capitalised costs incurred during the evaluation phase for the exploratory drilling and activities in relation to evaluating the technical feasibility and commercial viability of extracting mineral resource with respect to the mines located in Hubei Province and Xinjiang Uygur Autonomous Region in the PRC.

During the year ended 31 December 2014, there have been no changes in facts and circumstances that the carrying amount of the exploration and evaluation expenditures may not be recoverable and hence a full impairment review is not required. The capitalised expenditures would be assessed for impairment before reclassifying to property, plant and equipment and mining rights, as appropriate.

18. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments are analysed as follows:

	2014	2013
	RMB'000	*RMB'000*
Current assets	**20,456**	20,299
Non-current assets	**704,205**	718,894
	724,661	739,193

The prepaid lease payments comprise land in the PRC under medium term leases.

19. INTANGIBLE ASSETS

	Mining rights *RMB'000*	Others *RMB'000*	Total *RMB'000*
Cost:			
At 1 January 2013	1,221,812	10,387	1,232,199
Adjustment *(Note (a))*	(26,080)	–	(26,080)
Additions	–	774	774
Disposal	–	(276)	(276)
At 31 December 2013	1,195,732	10,885	1,206,617
Additions	65,490	823	66,313
At 31 December 2014	1,261,222	11,708	1,272,930
Accumulated amortisation and impairment:			
At 1 January 2013	(71,985)	(3,819)	(75,804)
Amortisation	(27,497)	(1,142)	(28,639)
Impairment *(Note (b))*	(186,183)	–	(186,183)
Disposal	–	276	276
At 31 December 2013	(285,665)	(4,685)	(290,350)
Amortisation	(27,897)	(1,130)	(29,027)
Impairment *(Note (b))*	(175,636)	–	(175,636)
At 31 December 2014	(489,198)	(5,815)	(495,013)
Carrying amounts:			
At 31 December 2014	772,024	5,893	777,917
At 31 December 2013	910,067	6,200	916,267

19. INTANGIBLE ASSETS *(Continued)*

Notes:

(a) On 28 October 2013, the Group and the seller (Alexis Resources Limited) of mining right in respect of Hami Project owned by 新疆同興礦業有限責任公司 (Xinjiang Tong Xing Mining Company Limited) ("Tong Xing", a non-wholly owned subsidiary of the Company) confirmed that the seller should pay RMB26,080,000 to the Group as an adjustment to the consideration for the Group's acquisition of the mining right ("Tong Xing Consideration") for the expenses paid by the Group in connection with obtaining the relevant mining right and the carrying amount of the mining right is adjusted accordingly.

(b) As at 31 December 2014, the Group recognised losses on impairment of mining rights of RMB94,636,000 (2013: RMB186,183,000) and RMB81,000,000 (2013: Nil) in relation to the Group's copper mines in Xinjiang Uygur Autonomous Region held by Tong Xing and 新疆滙祥永金礦業有限公司 (Xinjiang Hui Xiang Yong Jin Mining Co., Ltd.) ("Hui Xiang", a non-wholly owned subsidiary of the Company), respectively, in view of the unfavourable future prospects of the relevant copper mines due to the forecasted low selling price of their copper products and expected decrease in profit margin as a result of the slowdown of the global economy.

As at 31 December 2014, the recoverable amounts of the mining rights of Tong Xing and Hui Xiang have been determined at approximately RMB49 million and RMB359 million, respectively, on the basis of their fair values less costs of disposal determined using the income approach. Same basis has been applied in determining the fair value of the mining right of Hui Xiang when the Group acquired it in the Transaction and the fair value of the mining right of Tong Xing for impairment assessment in prior years.

Major assumptions included, amongst others, the following:

- Future cash inflows with reference to the latest mine reserves.
- Future copper price with reference to the market estimation taken into account the historical fluctuation.
- Future production costs with anticipated growth of inflation at 2.3% per annum under current production technology.
- The discount rate of approximately 18% per annum.

The Directors believe these major assumptions are reasonable and achievable.

The loss on impairment of mining rights of Tong Xing and Hui Xiang has been included in profit or loss in the "Other (losses) gain, net" line item.

20. IMPAIRMENT OF GOODWILL

In June 2013, the Directors decided that full impairment for the goodwill of RMB1,961,656,000 be charged to the consolidated statement of profit or loss and other comprehensive income in view of the unfavourable future prospect of the business of the Group due to the forecasted low selling price of the Group's products and expected decrease in profit margins as a result of the slowdown of the global economy.

The goodwill was arisen from the Transaction. The Directors consider the Company and its subsidiaries upon completion of the Transaction as a whole would benefit from the synergies of the Transaction. Therefore, goodwill is allocated to one cash generating unit, being the Group after the completion of the Transaction, which also represents the single operating segment of the Group as disclosed in note 7 and they would be under one operating segment.

The impairment loss was provided based on value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a five-year period and a discount rate of 18.18% per annum. Cash flow projections during the budget period are based on the same expected gross margins and raw materials price inflation throughout the budget period. The cash flows beyond that five year period have been extrapolated using a steady 3% per annum growth rate which is the projected long-term average growth rate for the industry.

21. INTERESTS IN JOINT VENTURES

Details of the Group's investments in joint ventures are as follows:

	2014 ***RMB'000***	2013 *RMB'000*
Cost of investment in joint ventures, unlisted	**64,702**	64,702
Share of post-acquisition result and other comprehensive income	**48,263**	–
	112,965	64,702

21. INTERESTS IN JOINT VENTURES *(Continued)*

Details of each of the Group's joint ventures at the end of the reporting period are as follow:

Name of entity	Form of entity	Country of incorporation/ registration	Principal place of operation	Class of shares/ investments held	Proportion of ownership interest held by the Group	Proportion of voting rights held by the Group	Principal activity
China Daye Hong Kong Investment Limited ("China Daye HK")	Incorporated	Hong Kong	Hong Kong	Ordinary	95%	*50%	Trading of metals and minerals
China Daye Hong Kong Holding Limited ** ("China Daye Holding")	Incorporated	Hong Kong	Hong Kong	Ordinary	95%	*50%	Investment holding
China National Resources Investment Limited ("China National Resources")	Incorporated	Hong Kong	Hong Kong	Ordinary	95%	*50%	Investment holding
China National Recycling Int'l Trading Limited ("China National Recycling")	Incorporated	Hong Kong	Hong Kong	Ordinary	95%	*50%	Investment holding
Jetlight Investment Ltd ("Jetlight")	Incorporated	BVI	Hong Kong	Ordinary	95%	*50%	Investment holding
Keytrade Investments Ltd ("Keytrade")	Incorporated	BVI	Hong Kong	Ordinary	95%	*50%	Trading of metals and minerals
Shenzhen Rainbow Nonferrous Metals Co., Ltd ("Shenzhen Rainbow")	Incorporated	PRC	PRC	Registered capital	95%	*50%	Investment holding and trading of metals and minerals
Shinemax Group Ltd ("Shinemax")	Incorporated	BVI	Hong Kong	Ordinary	95%	*50%	Investment holding

* Pursuant to the relevant shareholders' agreement, resolutions of shareholders' meetings and directors' meetings require unanimous consent of the Company and another shareholder of these companies.

** Except for China Daye Holding being newly incorporated during the year, other companies used to be wholly-owned subsidiaries of the Company that 5% equity interests of these companies was sold to the joint venture partner in 2013. Further details are set out in note 38.

21. INTERESTS IN JOINT VENTURES *(Continued)*

Summarised financial information of material joint ventures

Summarised financial information in respect of each of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements, as adjusted for consolidation, prepared in accordance with HKFRSs.

The joint ventures are accounted for using the equity method in these consolidated financial statements.

	At 31 December 2014	
	China Daye HK	**Shenzhen Rainbow**
	RMB'000	***RMB'000***
Current assets	**5,973,878**	**6,076,162**
Non-current assets	**680**	**54**
Current liabilities	**(5,904,335)**	**(6,028,115)**
Non-current liabilities	**–**	**–**
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**40,902**	**1,249,139**
Current financial liabilities (excluding trade and other payables and provisions)	**(5,557,004)**	**(211,243)**
Non-current financial liabilities (excluding trade and other payables and provisions)	**–**	**–**

	At 31 December 2013	
	China Daye HK	Shenzhen Rainbow
	RMB'000	*RMB'000*
Current assets	6,148,548	6,085,045
Non-current assets	–	–
Current liabilities	(6,140,463)	(6,025,030)
Non-current liabilities	–	–
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	76,763	14,508
Current financial liabilities (excluding trade and other payables and provisions)	(5,461,839)	–
Non-current financial liabilities (excluding trade and other payables and provisions)	–	–

21. INTERESTS IN JOINT VENTURES *(Continued)*

	For the year ended 31 December 2014	
	China Daye HK	**Shenzhen Rainbow**
	RMB'000	***RMB'000***
Revenue	**7,838,924**	**11,768,473**
Profit (loss) for the year	**62,138**	**(86,823)**
Other comprehensive income for the year	**–**	**74,909**
Total comprehensive income (expense) for the year	**62,138**	**(11,914)**
Dividends received during the year	**–**	**–**
The above profit for the year include the following:		
Depreciation and amortisation	**(82)**	**(32)**
Interest income	**227**	**8,440**
Income tax (expense) credit	**(8,127)**	**23**

	For the period from date of acquisition to 31 December 2013	
	China Daye HK	Shenzhen Rainbow
	RMB'000	*RMB'000*
Revenue	–	–
Profit for the year	–	–
Other comprehensive income for the year		
Total comprehensive income for the year	–	–
Dividends received during the year	–	–
The above profit for the year include the following:		
Depreciation and amortisation	–	–
Interest income	–	–
Income tax expense	–	–

21. INTERESTS IN JOINT VENTURES *(Continued)*

Reconciliation of the above summarised financial information to the carrying amount of the interest in the above companies recognised in the consolidated financial statements:

	At 31 December 2014	
	China Daye HK	**Shenzhen Rainbow**
	RMB'000	***RMB'000***
Net assets	**70,223**	**48,101**
Proportion of the Group's ownership interest	**95%**	**95%**
Carrying amount of the Group's interest	**66,712**	**45,696**

	At 31 December 2013	
	China Daye HK	Shenzhen Rainbow
	RMB'000	*RMB'000*
Net assets	8,085	60,015
Proportion of the Group's ownership interest	95%	95%
Carrying amount of the Group's interest	7,681	57,014

Aggregate of financial information of individually immaterial joint ventures is presented as follows:

	Year ended 31 December 2014	For the period from date of acquisition to 31 December 2013
	RMB'000	*RMB'000*
The Group's share of post-tax profit	**550**	–
The Group's share of other comprehensive income	**–**	–
The Group's share of total comprehensive income	**550**	–
Aggregate carrying amount of the Group's interests in these joint ventures	**557**	7

22. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	At 31 December 2014 RMB'000	2013 RMB'000
Deferred tax assets	**87,950**	76,056
Deferred tax liabilities	**(121,071)**	(141,675)
	(33,121)	(65,619)

The following are the major deferred tax assets and liabilities recognised and movements thereon during the current and prior years:

	Accrued expenses RMB'000	Mining right RMB'000	Convertible note RMB'000	Provision for mine rehabilitation, restoration and dismantling RMB'000	Early retirement obligation RMB'000	Impairment losses RMB'000	Tax losses RMB'000	Others RMB'000	Total RMB'000
At 1 January 2013	56,581	(94,000)	(48,405)	9,507	15,338	8,479	5,562	9,314	(37,624)
(Charge)/credit to profit or loss	(31,395)	–	8,745	285	(5,372)	5,425	771	(8,733)	(30,274)
Exchange realignment	–	–	2,279	–	–	–	–	–	2,279
At 31 December 2013	25,186	(94,000)	(37,381)	9,792	9,966	13,904	6,333	581	(65,619)
(Charge)/credit to profit or loss	(4,825)	20,250	10,339	294	(2,564)	(136)	(656)	9,825	32,527
Exchange realignment	–	–	(29)	–	–	–	–	–	(29)
At 31 December 2014	20,361	(73,750)	(27,071)	10,086	7,402	13,768	5,677	10,406	(33,121)

22. DEFERRED TAXATION *(Continued)*

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB906,934,000 as at 31 December 2014 (2013: RMB837,294,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

As at 31 December 2014, the Group has unused tax losses of RMB124,142,000 (2013: RMB64,043,000) available for offset against future profits. The Group has not recognised deferred tax asset for these unused tax losses of RMB101,434,000 as at 31 December 2014 (2013: RMB37,930,000) due to the unpredictability of future profit streams. The unused tax loss will be expired as follows:

	2014	2013
	RMB'000	*RMB'000*
2014	**–**	11,090
2015	**17,526**	17,526
2016	**7,270**	7,270
2017	**8,644**	8,644
2018	**19,513**	19,513
2019	**71,189**	–
	124,142	64,043

23. DEPOSIT FOR ACQUISITION OF INTANGIBLE ASSETS

	2014	2013
	RMB'000	*RMB'000*
Deposit for acquisition of intangible assets	**–**	31,696

As at 31 December 2013, the deposit paid by the Company represents 50% of the consideration for the Group's acquisition of the mining licence in respect of a mining area of approximately 0.4625 square kilometers situated in the east of the mine owned by Tong Xing pursuant to a supplementary agreement dated 30 December 2010 entered between the Company and Alexis Resources Limited (the seller).

In 2014, the Group obtained the mining licence and the carrying amount of the deposit was transferred to the mining rights as included in the Group's intangible assets.

24. INVENTORIES

	2014 RMB'000	2013 RMB'000
Raw materials	**2,475,183**	3,420,626
Work in progress	**1,740,503**	1,537,757
Finished goods	**279,278**	395,695
	4,494,964	5,354,078

25. TRADE, BILLS AND NOTES RECEIVABLES

	2014 RMB'000	2013 RMB'000
Trade receivables	**321,080**	55,246
Less: Allowance of doubtful debts	**(11,134)**	(4,443)
	309,946	50,803
Bills receivable:		
— On hand	**29,187**	304,557
— Endorsed to suppliers	**97,386**	267,913
— Discounted to Daye Finance Company	**50,675**	–
Notes receivable discounted to banks	**–**	20,000
Total trade, bills and notes receivables	**487,194**	643,273

The majority of sales are made under contractual arrangements whereby a significant portion of amount of each sale is received before delivery or promptly after delivery and the remainder is received within 6 months after delivery.

25. TRADE, BILLS AND NOTES RECEIVABLES *(Continued)*

The following is an aged analysis of trade receivables, presented based on the date of delivery of goods which approximated the respective dates on which revenue was recognised, net of allowance for doubtful debts.

	2014 ***RMB'000***	2013 *RMB'000*
Trade receivables, net		
— Less than 1 year	**309,301**	50,670
— 1–2 years	**524**	133
— 2–3 years	**121**	–
	309,946	50,803

The Group's bills and notes receivable represents the bank acceptance notes and commercial acceptance notes issued by third parties, respectively.

The maturity period of both bills and notes receivable are within 6 months.

Ageing of trade receivables which are past due but not impaired

Included in the Group's trade receivables as at 31 December 2014 are debtors with aggregate carrying amount of RMB67,763,000 (2013: RMB6,551,000); which are past due as at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The ageing of these receivables are as follows:

	2014 ***RMB'000***	2013 *RMB'000*
Less than 1 year	**67,118**	6,418
1–2 years	**524**	133
2–3 years	**121**	–
Total	**67,763**	6,551

25. TRADE, BILLS AND NOTES RECEIVABLES *(Continued)*

Movement in the allowance for doubtful debts on trade receivables

	RMB'000
At 1 January 2013	4,722
Impairment losses recognised, net	53
Written-off	(332)
At 31 December 2013	4,443
Impairment losses recognised, net	6,691
At 31 December 2014	11,134

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of RMB11,134,000 as at 31 December 2014 (2013: RMB4,443,000) which have either been placed under liquidation or in severe financial difficulties.

Included in the Group's trade receivables are balances with the following related parties:

	2014 **RMB'000**	2013 *RMB'000*
Fellow subsidiaries	**272,228**	1,776

The above balances with related parties are unsecured, interest-free and are repayable according to the relevant sales contracts.

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2014 **RMB'000**	2013 *RMB'000*
Non-current:		
Deposits for acquisition of property, plant and equipment	**47,380**	114,731
Current:		
Prepayments for inventories	**188,473**	494,424
Value-added tax recoverable	**194,711**	215,766
Consideration receivables *(Note 38)*	**–**	2,038
Other receivables	**139,556**	465,068
Less: Allowance of doubtful debts	**(22,499)**	(36,132)
	500,241	1,141,164

Movement in the allowance for doubtful debts on other receivables

	RMB'000
At 1 January 2013	29,194
Impairment losses recognised, net	7,752
Written-off	(814)
At 31 December 2013	36,132
Reversal of impairment losses, net	(13,633)
At 31 December 2014	22,499

Included in the Group's prepayments and other receivables are balances with the following related parties:

	2014 **RMB'000**	2013 *RMB'000*
Prepayments made to		
— Daye Corporation	**–**	89,789
— Fellow subsidiaries	**7,867**	31,926
Other receivables due from		
— Fellow subsidiaries	**–**	9,716
— Joint ventures	**52,071**	383,434

The above balances with related parties are unsecured, interest-free and are repayable on demand.

27. DERIVATIVE FINANCIAL INSTRUMENTS

	Current Assets		Current Liabilities	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Derivatives under hedge accounting:				
Fair value hedges				
— Copper futures contracts	**72**	2,649	**–**	13,521
— Silver futures contracts	**793**	1,222	**207**	–
— Gold futures contracts	**–**	1,186	**1,476**	–
Other derivatives				
— Copper option contracts	**–**	–	**15,645**	17,205
— Gold futures contracts	**33,728**	–	**33,228**	112,790
— Gold option contracts	**–**	–	**86**	–
— Silver option contracts	**–**	–	**3,259**	570
— Zinc futures contracts	**–**	–	**–**	1,459
— Currency forward contracts	**5,761**	–	**7,647**	8,461
	40,354	5,057	**61,548**	154,006

27. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Contract type

		Buy		Sell	
		2014	2013	**2014**	2013
Copper futures contracts					
Quantity	(tonnes)	**–**	3,145	**775**	13,400
Contract price	(RMB)	**N/A**	50,680 – 52,510	**46,590 – 46,680**	49,810 – 52,500
Copper option contracts					
Quantity	(tonnes)	**–**	–	**1,754**	2,054
Contract price	(RMB)	**N/A**	N/A	**46,545 – 46,550**	52,150 – 52,195
Gold futures contracts					
Quantity	(kg)	**49,560**	4,580	**1,026**	91
Contract price	(RMB)	**223,800 – 246,700**	248,800 – 284,400	**233,700 – 248,200**	269,431
Gold option contracts					
Quantity	(kg)	**–**	–	**91**	–
Contract price	(RMB)	**N/A**	N/A	**277,333**	N/A
Silver futures contracts					
Quantity	(kg)	**48,510**	–	**6,345**	30,900
Contract price	(RMB)	**3,395 – 3,766**	N/A	**3,391 – 3,469**	4,043 – 4,272
Silver option contracts					
Quantity	(kg)	**–**	–	**11,827**	768
Contract price	(RMB)	**N/A**	N/A	**3,792 – 4,008**	515
Zinc futures contracts					
Quantity	(kg)	**–**	–	**–**	3,000
Contract price	(RMB)	**N/A**	N/A	**N/A**	1,988
Currency forward contracts					
Currency	(US$'000)	**124,400**	28,900	**63,029**	19,790
Contracted rates	(RMB)	**6.1403 – 6.3625**	6.3625	**6.2351 – 6.2634**	6.044 – 6.0682

The Group uses commodity derivative contracts to hedge its commodity price risk. Commodity derivative contracts utilised by the Group include standardised copper futures contracts in Shanghai Futures Exchange and others. Besides, the Group also entered into currency forward contracts with certain banks to hedge certain of its currency risk arising from certain of its bank loans denominated in US$, which are not designated as effective hedging instruments.

27. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Contract type *(Continued)*

Under hedge accounting — Fair value hedges

The Group utilises certain commodity derivative contracts (copper, silver and gold futures contracts) to hedge its exposure to variability in fair value changes attributable to price fluctuation risk associated with certain copper, silver and gold products as included in inventories. For the purpose of hedge accounting, those hedging transactions of the Group are classified as fair value hedge.

The Group formally designates and documents the hedging relationship at the inception of the hedge, risk management objective and strategy for undertaking the hedges. The fair value hedges of the Group were assessed to be highly effective and qualified for hedge accounting.

Details of the fair value gains/losses of commodity derivative contracts designated as fair value hedges of the Group and the net fair value losses/gains of the hedged items, inventories, attributable to the risk hedged have been disclosed in note 9.

Not under hedge accounting

The Group did not formally designate or document the hedging transactions with respect to the Zinc futures contracts, the foreign currency forward contracts and others. Therefore, those transactions were not qualified for hedge accounting.

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

The Group recognised for the derivative financial assets and liabilities in respect of commodity derivative contracts and currency forward contracts do not meet the criteria for offsetting in the Group's statement of financial position since the right of set-off of the recognised amounts is only enforceable upon an event of default.

27. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements *(Continued)*

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

	Gross amounts recognised of financial assets		Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position		Net amounts of financial assets presented in the consolidated statement of financial position	
	2014	2013	**2014**	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Deposits in futures margin accounts	**117,249**	294,552	**–**	–	**117,249**	294,552
Derivatives in respect of:						
— Copper futures contracts	**72**	2,649	**–**	–	**72**	2,649
— Gold futures contracts	**33,728**	1,186	**–**	–	**33,728**	1,186
— Silver futures contracts	**793**	1,222	**–**	–	**793**	1,222
— Currency forward contracts	**5,761**	–	**–**	–	**5,761**	–
Total	**157,603**	299,609	**–**	–	**157,603**	299,609

Net financial assets subject to enforceable master netting arrangements and similar agreements, by counterparty

	Net amount of financial assets presented in the consolidated statement of financial position		Related amounts not set off in the consolidated statement of the financial position: Financial derivative liabilities		Related amounts not set off in the consolidated statement of the financial position: Cash collateral received		Net amount	
	31 December		31 December		31 December		31 December	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Counterparty A	**112,334**	267,964	**(1,659)**	(117,363)	**–**	–	**110,675**	150,601
Counterparty B	**1,940**	–	**(1,940)**	–	**–**	–	**–**	–
Counterparty C	**20,682**	5,539	**(25)**	–	**–**	–	**20,657**	5,539
Counterparty D	**8,300**	989	**–**	–	**–**	–	**8,300**	989
Counterparty E	**–**	24,161	**–**	(17,235)	**–**	–	**–**	6,926
Counterparty F	**–**	306	**–**	(306)	**–**	–	**–**	–
Others	**14,347**	650	**(2,952)**	–	**–**	–	**11,395**	650
	157,603	299,609	**(6,576)**	(134,904)	**–**	–	**151,027**	164,705

27. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements *(Continued)*

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

	Gross amounts recognised of financial liabilities 31 December		Gross amounts of recognised financial assets set off in the consolidated statement of financial position 31 December		Net amounts of financial liabilities presented in the consolidated statement of financial position 31 December	
	2014	2013	**2014**	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB 000*	***RMB'000***	*RMB'000*
Derivatives in respect of:						
— Copper futures contracts	**–**	13,521	**–**	–	**–**	13,521
— Copper option contracts	**15,645**	17,205	**–**	–	**15,645**	17,205
— Gold futures contracts	**34,704**	112,790	**–**	–	**34,704**	112,790
— Gold option contracts	**86**	–	**–**	–	**86**	–
— Silver futures contracts	**207**	–	**–**	–	**207**	–
— Silver option contracts	**3,259**	570	**–**	–	**3,259**	570
— Zinc futures contracts	**–**	1,459	**–**	–	**–**	1,459
— Currency forward contracts	**7,647**	8,461	**–**	–	**7,647**	8,461
Total	**61,548**	154,006	**–**	–	**61,548**	154,006

Net financial liabilities subject to enforceable master netting arrangements and similar agreements, by counterparty

	Net amount of financial liabilities presented in the consolidated statement of financial position 31 December		Related amounts not set off in the consolidated statement of the financial position: Financial derivative assets 31 December		Related amounts not set off in the consolidated statement of the financial position: Cash collateral pledged 31 December		Net amount 31 December	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB 000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Counterparty A	**1,659**	117,363	**(1,659)**	(2,780)	**–**	(114,583)	**–**	–
Counterparty B	**31,981**	–	**(1,940)**	–	**–**	–	**30,041**	–
Counterparty C	**25**	–	**(25)**	–	**–**	–	**–**	–
Counterparty E	**3,189**	17,235	**–**	(17,235)	**–**	–	**3,189**	–
Counterparty F	**156**	10,414	**–**	(306)	**–**	–	**156**	10,108
Counterparty G	**15,644**	–	**–**	–	**–**	–	**15,644**	–
Others	**8,894**	8,994	**(3,820)**	–	**–**	–	**5,074**	8,994
	61,548	154,006	**(7,444)**	(20,321)	**–**	(114,583)	**54,104**	19,102

28. BANK AND OTHER DEPOSITS, BANK BALANCES AND CASH

(i) Restricted deposits and balances

	2014 RMB'000	2013 RMB'000
Current		
Bank deposits *(Note (a))*	**767,490**	–
Bank balances *(Note (b))*	**8,093**	7,420
Other deposits *(Note (c))*	**117,249**	294,552
	892,832	301,972
Non-current		
Bank deposits *(a)*	**–**	171,993

Notes:

(a) Bank deposits are pledged to banks as security for certain banking facilities of the Group. The effective interest rates of these bank deposits are as follows:

	2014 %	2013 %
Weighted average effective interest rate (per annum)	**1.15**	4.08

Further details are set out in note 31(a).

(b) Bank balances are held in designated bank accounts as security for the Group's bills payable and letters of credit. Bank balances earn interest at floating rates based on daily bank deposit rates.

(c) Other deposits are held in certain financial institutions as security for the commodities derivative and currency forward contracts.

(ii) Bank and other deposits, bank balances and cash

At the end of reporting period, bank and other deposits, bank balances carry interest at market rates ranging from 0.35% to 4.13% (2013: 0.40% to 4.13%) per annum.

Included in the bank and other deposits, bank balances and cash are deposits with Daye Finance Company amounting to RMB460,842,000 (2013: Nil) which earns interest at rates ranging from 0.35% to 1.15% per annum and is repayable on demand.

29. TRADE AND BILLS PAYABLES

	2014	2013
	RMB'000	*RMB'000*
Trade payables	**1,008,951**	1,255,860
Bills payable	**124,500**	–
	1,133,451	1,255,860

The following is an aged analysis of trade payables, presented based on the invoice date:

	2014	2013
	RMB'000	*RMB'000*
Within 1 year	**991,920**	1,245,292
More than 1 year, but less than 2 years	**7,874**	3,371
More than 2 years, but less than 3 years	**2,610**	1,564
Over 3 years	**6,547**	5,633
	1,008,951	1,255,860

The maturity period of bills payable are within 6 months.

Included in the Group's trade and bills payables are balances with the following related parties:

	2014	2013
	RMB'000	*RMB'000*
Fellow subsidiaries	**72,065**	22,531
Joint ventures	**–**	145,416

The above balances with related parties are unsecured, interest-free and are repayable according to purchase contracts.

30. OTHER PAYABLES AND ACCRUED EXPENSES

	2014 *RMB'000*	2013 *RMB'000*
Receipts in advance from customers	**45,083**	395,002
Salaries and welfare payables	**88,803**	82,104
Interest payables	**20,149**	42,576
Current portion of deferred income *(Note 35)*	**15,302**	12,136
Payables for property, plant and equipment	**691,458**	674,553
Other payables and accruals *(Note)*	**409,170**	316,862
	1,269,965	1,523,233

Note: The amount mainly includes payables to Huangshi Labour and Social Security Bureau amounting to RMB30,720,000 (2013: RMB30,720,000), various deposits received for construction of RMB90,629,000 (2013: RMB96,292,000) and other payables and accruals.

Included in the Group's other payables and accrued expenses are balances with the following related parties:

	2014 *RMB'000*	2013 *RMB'000*
Receipts in advance from customers		
— Fellow subsidiaries	**1,044**	50,090
— Joint Venture	**–**	315,317
— Daye Corporation	**3,630**	–
Other payables		
— Daye Corporation	**12,771**	2,438
— Fellow subsidiaries	**302,311**	100,553
— Joint Ventures	**110,216**	–

Balances with related parties are unsecured, interest-free and repayable on demand.

31. BANK AND OTHER BORROWINGS

	2014 RMB'000	2013 RMB'000
Bank borrowings		
— secured *(Note (a))*	**755,697**	170,716
— unsecured	**4,759,747**	5,674,337
Other borrowings		
— Loans from Daye Corporation, unsecured *(Note (b))*	**1,758,009**	1,347,878
— Loans from Daye Finance Company, unsecured *(Note (b))*	**228,000**	–
— Advance from Daye Finance Company for discounted bills, secured	**50,675**	–
— Advance from banks for discounted notes, secured	**–**	20,000
— Gold loans, unsecured *(Note (c))*	**1,430,440**	1,083,677
— Short-term notes, unsecured *(Note (d))*	**–**	800,000
	8,982,568	9,096,608
Carrying amounts repayable:		
Within one year and on demand	**5,021,480**	5,901,963
More than one year, but not exceeding two years	**1,692,900**	1,984,094
More than two year, but not exceeding five years	**688,127**	1,113,209
More than five years	**1,580,061**	97,342
	8,982,568	9,096,608
Less: Amounts shown under current liabilities	**(5,021,480)**	(5,901,963)
Non-current portion	**3,961,088**	3,194,645
Total borrowings:		
— at fixed rates	**7,401,946**	3,882,216
— at floating rates *(Note)*	**1,580,622**	5,214,392

Note: The borrowings bear floating rates based on London Inter Bank Offer Rate or benchmark interest rates quoted by People's Bank of China.

31. BANK AND OTHER BORROWINGS *(Continued)*

Notes:

(a) As at 31 December 2014, secured bank borrowings of the Group amounting to RMB755,697,000 (2013: RMB170,716,000) bearing interest rate of 1.67% to 5.09% (2013: 1.67% to 5.60%) per annum were secured by bank deposits of RMB767,490,000 (2013: RMB171,993,000).

(b) The details of unsecured loans from Daye Corporation and Daye Finance Company are as follows:

Interest rate	**Terms of repayment**	**2014** **RMB'000**	2013 *RMB'000*
Daye Corporation			
Fixed rate at 4.98% per annum	Repayable on 15 October 2015	**490,000**	490,000
Floating rate quoted by People's Bank of China	Not demand for repayment before 1 January 2020	**493,009**	–
Fixed rate at 4.98% per annum	Repayable on 1 December 2016	**90,000**	90,000
Fixed rate at 5.79% per annum	Repayable on 17 January 2017	**500,000**	500,000
Fixed rate at 6.15% per annum	Repayable on 29 April 2017	**115,000**	–
Fixed rate at 6.15% per annum	Repayable on 30 April 2017	**40,000**	–
Fixed rate at 6.15% per annum	Repayable on 4 May 2017	**30,000**	–
Floating rate quoted by People's Bank of China	Not demand for repayment before 2 April 2015	**–**	267,878
		1,758,009	1,347,878
Daye Finance Company			
Fixed rate at 5.04% per annum	Repayable on 4 January 2016	**100,000**	–
Fixed rate at 5.40% per annum	Repayable on 5 January 2016	**100,000**	–
Fixed rate at 6.00% per annum	Repayable on 21 October 2015	**28,000**	–
		228,000	–
Total		**1,986,009**	1,347,878

(c) The unrealised loss arising from change in fair value of gold loans designated as financial instruments of RMB145,219,000 (31 December 2013: a gain of RMB127,485,000) has been charged to profit or loss for the year ended 31 December 2014.

(d) On 17 May 2013, the Group issued unsecured short-term notes at par value of RMB800,000,000 which bore interest at a fixed rate of 4.44% per annum and had a maturity of 365 days from the date of insurance. These short-term notes were matured in 2014.

32. PROVISION FOR MINE REHABILITATION, RESTORATION AND DISMANTLING

	RMB'000
At 1 January 2013	38,028
Interest cost	1,141
At 31 December 2013	39,169
Interest cost	1,175
At 31 December 2014	40,344

The provision for mine rehabilitation, restoration and dismantling includes the anticipated costs of future rehabilitation, restoration and dismantling of mining areas from which natural resources have been extracted. These provisions include future cost estimates associated with plant closures, waste site closures, monitoring, demolition, decontamination, water purification, and permanent storage of historical residues. The discount rate using in determining this provision is 3% (2013: 3%) per annum.

33. CUMULATIVE REDEEMABLE PREFERENCE SHARES

As at 31 December 2013, the amount represents fair value of 16,485 cumulative redeemable preference shares ("CPS") outstanding which arose from the Transaction. A holder of the CPS is entitled to receive a fixed cumulative preferential dividend at the rate of 6% per annum on the notional value of HK$5 per CPS to be paid half-yearly on 30 June and 31 December in each year.

The Company has redeemed all outstanding CPS in 2014.

34. CONVERTIBLE NOTE/BONDS

	2014 *RMB'000*	2013 *RMB'000*
Liability component:		
HK$1,003,836,048 zero coupon convertible note *(Note (a))*	**616,816**	562,664
RMB820,000,000 0.5% convertible bonds *(Note (b))*	**736,984**	674,966
	1,353,800	1,237,630
Derivative component:		
RMB820,000,000 0.5% convertible bonds *(Note (b))*	**24,119**	116,644
	1,377,919	1,354,274

(a) HK$1,003,836,048 zero coupon convertible note

Part of the consideration in respect of the Transaction was the issue of HK$1,003,836,048 zero coupon convertible note to China Times on 7 March 2012.

This zero coupon convertible note entitles the holder to convert to ordinary shares of the Company at an initial conversion price of HK$0.5 (subject to the anti-dilutive adjustments in accordance with the terms of the convertible note) at any time during the period commencing from the issue date of the convertible note.

Unless previous converted and cancelled by the Company, the Company shall redeem any outstanding convertible note at the principal amount on the maturity date which is the date falling five years after the issue date.

At initial recognition, the Group determined the fair value of the liability component based on the valuation performed by Jones Lang LaSalle using discounted cash flow approach. The effective interest rate is 11.2% per annum. The residual amount was assigned as the equity component for the conversion option and was included in the convertible note equity reserve of the Group.

The liability component is carried as a non-current liability on an amortised cost basis until extinguished on conversion or redemption.

34. CONVERTIBLE NOTE/BONDS *(Continued)*

(a) HK$1,003,836,048 zero coupon convertible note *(Continued)*

The movements of the liability component and equity component of the convertible note for the year are as follows:

	Liability component *RMB'000*	Equity component *RMB'000*	Total *RMB'000*
At 1 January 2013	521,841	336,884	858,725
Interest expense	57,606	–	57,606
Exchange realignment	(16,783)	–	(16,783)
At 31 December 2013	562,664	336,884	899,548
Interest expense	63,512	–	63,512
Exchange realignment	(9,360)	–	(9,360)
At 31 December 2014	616,816	336,884	953,700

(b) RMB820,000,000 0.5% convertible bonds (the "Bonds")

The Bonds were issued by the Company on 30 May 2013 (the "Issue Date") in the aggregate principal amount of RMB820,000,000 (in registered form in the denomination of RMB1,000,000 each or integral multiples thereof) and are listed on the Mainboard of the Hong Kong Stock Exchange.

The Bonds are convertible into ordinary shares of the Company's ordinary shares (the "Shares") at any time on or after 10 July 2013 up to the close of business on the tenth day prior to 30 May 2018 (the "Maturity Date") (both days inclusive), unless previously redeemed, converted, or purchased and cancelled. The conversion price (subject to adjustments according to the "Terms and Conditions" of the Bonds) (the "Conversion Price") is initially HK$0.30 per Share at the fixed exchange rate of HK$1.00 = RMB0.79859.

The Bonds bear interest from and including the 30 May 2013 up to but excluding the Maturity Date at the rate of 0.50% per annum of the principal amount of the Bonds and payable in United States Dollar ("US$") at the US$ equivalent semi-annually in arrears on 30 November and 30 May in each year subject to the Terms and Conditions. The first interest payment date will be 30 November 2013. After the conversion rights of the Bonds have been exercised or where such Bond is redeemed or repaid pursuant to the Terms and Conditions, each Bond will not bear any interest.

Unless previously redeemed, converted or purchased and cancelled in the circumstances set out in the Terms and Conditions, the Company shall redeem each Bond at the US$ equivalent of 102.56% of the RMB principal amount on the Maturity Date.

34. CONVERTIBLE NOTE/BONDS *(Continued)*

(b) RMB820,000,000 0.5% convertible bonds (the "Bonds") *(Continued)*

The Company shall, at the option of the holders of the Bonds (the "Bondholders"), redeem all or some only of such Bondholders on 30 May 2016 at 101.52% of their RMB principal amount. The US$ equivalent of amount equal to 100% of the RMB principal amount of the Bond redeemed plus the applicable amount which will provide the Bondholder a gross compound yield of 1.00% per annum calculated on a semi-annual basis (the "Early Redemption Amount") plus any accrued but unpaid interest.

A Bondholder shall have the right, at such Bondholder's option, to require the Company to redeem all, but not some only, of such Bondholder's Bonds at the US$ equivalent of the Early Redemption Amount on the date fixed for redemption upon (i) the Shares ceasing to be listed or admitted to trading or suspended for a period of more than 30 consecutive trading days on the Hong Kong Stock Exchange or, if applicable, the alternative stock exchange; or (ii) any person or persons (other than Daye Corporation and China Times) acting together acquires more than 50% of the voting rights of the issued share capital of the Company or the right to appoint and/or remove all or the majority of the members of the Board; or (iii) if Daye Corporation and/or China Times and/or their respective successors directly or indirectly, acting individually or together, ceases to hold at least 30% of the voting rights of the issued share capital of the Company; or (iv) the Company consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person; or (v) one or more persons (other than such persons referred to in (ii) above) acquires the legal or beneficial ownership of all or substantially all of the issued share capital of the Company.

The Bonds are subject to redemption at the option of the Company in whole but not in part at the US$ equivalent of the Early Redemption Amount on the date fixed for redemption plus accrued interest and unpaid interest to such date provided that (i) at any time after 30 May 2016, the closing price of the Shares for each of the 20 consecutive trading days, the last day of which occurs not more than three business days of the Hong Kong Stock Exchange immediately prior to the date upon which notice of such redemption, is at least 130% of the Early Redemption Amount divided by the "Conversion Ratio" (which is arrived at dividing the principal amount of each Bond by the Conversion Price then in effect immediate prior to the date of the aforesaid notice of such redemption); or (ii) at any time, at least 90% of the principal amount of Bonds originally issued have been converted, redeemed or purchased and cancelled; or (iii) as a result of changes relating to the tax laws in Bermuda or Hong Kong the Company becomes obligated to pay any additional tax amounts but subject to the non-redemption option of each Bondholder.

The Company will undertake that so long as any Bond remains outstanding (as defined in the trust deed), the Company will not, and will ensure that none of its Principal Subsidiaries (as defined in the Terms and Conditions) will, create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of its undertaking, assets or revenues present or future to secure the repayment or payment of principal, premium or interest of or on any relevant indebtedness, or any guarantee of or indemnity given in respect of the repayment or payment of principal, premium or interest of or on any relevant indebtedness unless, at the same time or prior thereto, the Company's obligations under the Bonds (a) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as the trustee in its absolute discretion shall deem to be not materially less beneficial to the interests of the Bondholders or as shall be approved by an extraordinary resolution of the Bondholders.

34. CONVERTIBLE NOTE/BONDS *(Continued)*

(b) RMB820,000,000 0.5% convertible bonds (the "Bonds") *(Continued)*

The Bonds have the benefit of the irrevocable standby letter of credit issued in favour of the trustee, on behalf of the Bondholders, by Bank of China Limited, Macau Branch (the "Letter of Credit") until 29 June 2016 or such earlier date as specified below. The Letter of Credit shall be drawable by the trustee as beneficiary under the Letter of Credit on behalf of itself and the Bondholders upon the presentation of a demand by authenticated SWIFT sent by the trustee to the effect that (i) the Company has failed to pay the pre-funding an amount that is payable under the Terms and Conditions; or (ii) an event of default has occurred and the trustee has given notice to the Company that the Bonds are immediately due and payable; or (iii) the Company has failed to pay the fees and expenses in connection with the Bonds or the trust deed when due and such failure continues for a period of 7 days from the date of the trustee delivering demand therefor to the Company; or (iv) the payment by Bank of China Limited, Macau Branch (the "SBLC Bank") pursuant to a previous demand presented by the trustee in accordance the preceding sub-paragraph (iii) was when converted into US$ not sufficient to discharge in full the fees and expenses in connection with the Bonds or the trust deed when due. Subject to the Terms and Conditions, the Letter of Credit shall expire on the date falling 3 years and 30 days after the Issue Date.

The SBLC Bank's liability under the Letter of Credit shall be expressed and payable in RMB and shall not exceed the sum representing RMB840,000,000 which will from time to time be reduced by (i) each amount drawn and paid under the Letter of Credit; and (ii) redemption, conversion or repurchase and cancellation of the Bonds and receipt by the SBLC Bank of a Reduction Notice (as defined in the Letter of Credit) in relation thereto.

Further details of the Bonds are set out in the Company's announcements dated 9 May 2013 and 30 May 2013.

The Company determined the fair value of the derivative component (conversion right of Bondholders and early redemption option) of the Bonds based on the valuations performed by Jones Lang LaSalle using the Binomial Model and such amounts are carried as derivative component until extinguished on conversion or redemption. Changes in fair value of derivative component are recognised in profit or loss.

The liability component of the Bonds was initially measured at fair value and subsequently measured at amortised cost basis until extinguished on conversion or redemption. The effective interest rate is 8.1% per annum.

34. CONVERTIBLE NOTE/BONDS *(Continued)*

(b) RMB820,000,000 0.5% convertible bonds (the "Bonds") *(Continued)*

The movements of the liability component and the derivative component of the Bonds are as below:

	Liability component *RMB'000*	Derivative component *RMB'000*	Total *RMB'000*
At 30 May 2013	645,766	150,234	796,000
Interest expense	29,200	–	29,200
Fair value adjustment	–	(33,590)	(33,590)
At 31 December 2013	674,966	116,644	791,610
Interest expense	66,118	–	66,118
Interest paid	(4,100)	–	(4,100)
Fair value adjustment	–	(92,525)	(92,525)
At 31 December 2014	736,984	24,119	761,103

(c) HK$220,000,000 1% convertible notes

These convertible notes were issued by the Company for acquisition of the entire shareholding of Qianyi Limited which mainly holds, through Tong Xing, mining right in Xinjiang Uygur Autonomous Region (see further details in note 19).

Details of the HK$220,000,000 1% convertible notes are set out in the Company's announcements dated 16 April 2010, 16 July 2010, 30 December 2010, 30 August 2011, 31 January 2012, 31 May 2012, 29 June 2012, 8 August 2012, 12 October 2012 and 31 December 2012.

The Company determined the fair value of the derivative component (conversion right of these convertible notes holders) based on the valuations performed by Jones Lang LaSalle using the Binomial Model and such amounts are carried as derivative component until extinguished on conversion or redemption. Changes in fair value of derivative component are recognised in profit or loss.

These convertible notes were fully redeemed in 2013.

34. CONVERTIBLE NOTE/BONDS *(Continued)*

(c) HK$220,000,000 1% convertible notes *(Continued)*

The movement of the liability component and the derivative component of these convertible notes for the year ended 31 December 2013 are as follows:

	Liability component *RMB'000*	Derivative component *RMB'000*	Total *RMB'000*
At 1 January 2013	158,793	4,889	163,682
Interest expense	21,255	–	21,255
Fair value adjustment	–	(4,850)	(4,850)
Exchange realignment	(5,166)	(39)	(5,205)
Redemption	(174,882)	–	(174,882)
At 31 December 2013	–	–	–

35. DEFERRED INCOME

	RMB'000
At 1 January 2013	191,675
Government grants obtained	47,329
Credited to profit or loss	(9,845)
At 31 December 2013	229,159
Government grants obtained	30,110
Credited to profit or loss	(13,535)
At 31 December 2014	245,734

Analysed as:

	2014 ***RMB'000***	2013 *RMB'000*
Current *(Note 30)*	**15,302**	12,136
Non-current	**230,432**	217,023
	245,734	229,159

Deferred income represents grants obtained from the PRC government in relation to the construction and the purchase of certain plant and machinery by the Group.

36. EARLY RETIREMENT OBLIGATION

	RMB'000
At 1 January 2013	61,350
Additions	240
Interest cost	1,620
Benefits paid	(23,347)
At 31 December 2013	39,863
Interest cost	1,580
Benefits paid	(11,835)
At 31 December 2014	29,608

Analysed as:

	2014 **RMB'000**	2013 *RMB'000*
Current	**7,530**	9,710
Non-current	**22,078**	30,153
	29,608	39,863

The Group had made offers to certain employees for encouraging them to accept voluntary redundancy before their normal retirement date (the "Early Retirement Scheme"). Early retirement benefits are recognised when the Group enters into agreements specifying the terms of early retirement or after the individual employees have been advised of the specific terms.

The above obligation was determined based on actuarial valuations performed by an independent firm of actuaries, Towers Watson, Hong Kong, using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2014 **%**	2013 %
Discount rate (per annum)	**3.5**	4.5
Expected living cost inflation rate (per annum)	**5**	5

Mortality is assumed to be the average life of expectancy of residents in the PRC.

37. SHARE CAPITAL

Ordinary share capital of the Company

	Number of shares	Amount
		HK$'000
Authorised:		
Ordinary shares of HK$0.05 each		
At 1 January 2013, 31 December 2013 and 31 December 2014	30,000,000,000	1,500,000
		RMB'000
Issued and fully paid:		
Ordinary shares of HK$0.05 each		
At 1 January 2013, 31 December 2013 and 31 December 2014	17,327,911,186	705,506

There was no movement in the Company's share capital for the years ended 31 December 2013 and 2014.

38. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Disposal of subsidiaries

On 27 December 2013, the Group disposed of 5% equity interests of Jetlight, Shinemax, China Daye HK, China National Resources, China National Recycling, Keytrade and Shenzhen Rainbow (collectively referred to as the "Disposed Subsidiaries") to Right Elite Global Limited ("Right Elite") for a total cash consideration of HK$2,592,500 (equivalent to approximately RMB2,038,000) and retained 95% equity interests of the Disposed Subsidiaries.

Right Elite and its senior management and other group companies have wide networking and experience in handling cross-border (namely, Hong Kong and the PRC) non-ferrous metals trading and also trade financing and investment in the PRC. Further, Right Elite appointed representatives to serve as part of the senior management of each of the Disposed Subsidiaries. Therefore, the disposal of the Disposed Subsidiaries allows the Group to leverage on the networking and experience of Right Elite in order to further one of the Group's key strategies, namely to strengthen its cross-border trading business. To facilitate the management and daily operation of the Disposed Subsidiaries, the Group also entered into the shareholders agreement with Right Elite that resolutions of shareholders' meetings and directors' meetings require unanimous consent of the Group and Right Elite.

Accordingly, the Disposed Subsidiaries were accounted for as joint ventures upon the disposal, see note 21 for further details.

As at 31 December 2013, the cash consideration was not yet received by the Group. In 2014, such consideration was received.

38. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

Disposal of subsidiaries *(Continued)*

Analysis of assets and liabilities at the date of disposal (27 December 2013) over which control was lost:

	RMB'000
Trade and other receivables	2,665,656
Cash and cash equivalents	91,617
Available-for-sale financial assets	4,965,315
Trade and other payables	(2,192,642)
Bank borrowings	(5,461,839)
Net assets attributable to the equity owners of the Group	68,107

The gain recognised in profit or loss on loss of control was calculated as follows:

	RMB'000
Consideration receivables	2,038
Cumulative gain on available-for-sale financial assets reclassified from other comprehensive income on loss of control of subsidiary	43,439
Fair value of retained equity interest	64,702
Net assets disposed of	(68,107)
Gain on disposal	42,072

Net cash outflow arising from disposal of subsidiaries

	RMB'000
Consideration receivable	–
Cash and cash equivalents disposal of	(91,617)
	(91,617)

39. CAPITAL MANAGEMENT

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

The capital structure of the Group consists of net debts (which includes bank and other borrowings, convertible note/bonds and cumulative redeemable preference shares), net of restricted bank deposits, bank and other deposits, bank balances and cash and equity attributable to owners of the Company (comprising share capital, share premium, reserves and retained profits).

Gearing ratio

The Group's management reviews the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital.

The gearing ratio of the Group at the end of the reporting period was as follows:

	Notes	**2014** ***RMB'000***	2013 *RMB'000*
Debts	*(i)*	**10,360,487**	10,451,755
Less: Restricted bank deposits, bank and other deposits, bank balances and cash (excluded deposits for the commodity derivatives and currency forward contracts)		**(2,176,769)**	(1,612,883)
Net debts		**8,183,718**	8,838,872
Equity	*(ii)*	**3,545,771**	3,568,288
Net debts to equity ratio		**230.80%**	247.71%

Notes:

(i) Debts comprise non-current and current bank and other borrowings, cumulative redeemable preference shares, and convertible note/bonds as detailed in notes 31, 33 and 34, respectively.

(ii) Equity includes share capital, share premium, reserves and retained profits attributable to owners of the Company.

40. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2014 **RMB'000**	2013 *RMB'000*
Financial assets		
Loans and receivables	**2,898,269**	2,981,682
Derivatives	**40,354**	5,057
Financial liabilities		
Amortised costs	**11,160,156**	11,540,412
Gold loans	**1,430,440**	1,083,677
Cumulative redeemable preference shares	**–**	873
Derivatives	**61,548**	154,006
Derivative component of convertible bonds	**24,119**	116,644

Financial risk management objectives and policies

The Group's major financial instruments include trade, bills and notes receivables, other receivables, restricted deposits and bank balances, bank and other deposits, bank balances and cash, trade and bills payables, other payables, bank and other borrowings, gold loans, convertible note/bonds (including both liability and derivative components) and cumulative redeemable preference shares and derivatives. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Commodity price risk

The Group is principally engaged in the mining and processing of mineral ores and trading of non-ferrous metals in the PRC and borrowed gold loans. The major products of the Group include copper cathodes and gold, and other products include silver, iron ores, sulphuric acid, etc. As the commodity market is influenced by global as well as PRC supply and demand conditions, any unexpected price change in the market might affect the Group's earnings and performance. To mitigate this risk, the Group closely monitors any significant exposures, and may enter into commodity derivative contracts from time to time in accordance with the policies approved by the Directors to manage the exposure with respect to its inventories, forecast sell or firm sell commitments mainly includes copper and certain other metal products. The Group does not enter into any commodity derivative contracts in respect of iron ores and certain commodities.

The Group enters into certain copper and other metals derivative contracts for the purpose of manage its exposure to copper and other metals products price risk.

40. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Commodity price risk *(Continued)*

The Group formally designates and documents the hedging relationship at inception of its hedging transactions in respect of its inventories, therefore, a portion of the outstanding futures contracts related to copper, gold and silver were assessed to be highly effective accounted for as fair value hedges at each reporting date. The fair value changes of these outstanding copper, gold and silver futures contracts will be offset by the corresponding fair value changes in the hedged inventories, as a result, management is of the opinion that any reasonable changes in copper, gold and silver price would not result in a significant change in the Group's results in respect of these contracts.

Financial assets and liabilities of the Group that expose to the commodity price risk — the fair value change, primarily with respect to its outstanding derivative financial instruments, mainly the copper and other metals derivative contracts, that are not designated as effective hedging instruments, and gold loan contracts.

The following table details the Group's sensitivity to movement in prices in respect of its outstanding commodity derivative contracts (those are not designated as hedging instruments) at each reporting date. At each reporting date, if the prices of these commodity derivative contracts and gold loan contracts increased/decreased by a reasonable possible change, with all other variables were held constant, the Group's loss after tax would have been affected as set out below:

	2014 **(Increase) decrease in loss after tax** ***RMB'000***	2013 (Increase) decrease in loss after tax *RMB'000*
The prices of the commodity derivative contracts and gold:		
— Increased by 10%	**(144,893)**	(121,570)
— Decreased by 10%	**144,893**	121,570

40. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Interest rate risk

The Group is exposed to interest rate volatility on bank and other deposits, bank balances and borrowings. Bank and other deposits, bank balances and borrowings at variable rates expose the Group to cash flow interest rate risk. Bank and other deposits, bank balances, convertible note/bonds and borrowings at fixed rates expose the Group to fair value interest rate risk. Details of the Group's restricted bank and other deposits and bank balances, bank and other deposits, bank balances and cash and bank and other borrowings have been disclosed in notes 28 and 31. The Group does not use derivative financial instruments to hedge its interest rate risk.

The Group's cash flow interest rate risk is mainly concentrated on fluctuation of benchmark interest rates quoted by the People's Bank of China and London Inter Bank Offer Rate.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in interest rate, with all other variables held constant (such effect on restricted bank balances and bank balances, however, had been ignored as most of them bore interest at minimal rate at the end of each reporting period.), of the Group's loss after tax as a result of the change in interest expense for floating rate borrowings:

	2014		2013	
	+100 basis points (Increase) decrease in loss after tax	**–100 basis points (Increase) decrease in loss after tax**	+100 basis points (Increase) decrease in loss after tax	–100 basis points (Increase) decrease in loss after tax
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Financial liabilities				
— Bank and other borrowings	**(5,437)**	**5,437**	(8,962)	8,962

40. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Foreign exchange risk

The Group operates in the PRC with most of the transactions settled in RMB except for certain purchases from international market that are conducted in United States dollars (US$) and certain borrowings that are denominated in US$.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entities' functional currency. The Group is exposed to foreign exchange risk primarily with respect to US$.

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and may enter into currency forward contracts, when necessary, to manage its foreign exchange exposure. During the year, certain currency forward contracts had been entered by the Group.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB-US$ exchange rates, with all other variables held constant, of the Group's profit after tax due to changes in the carrying value of monetary assets and liabilities, and certain derivative financial instruments.

	2014 (Increase) decrease in loss after tax ***RMB'000***	2013 (Increase) decrease in loss after tax *RMB'000*
RMB–US$		
Appreciation of RMB by 5%	**107,348**	169,595
Depreciation of RMB by 5%	**(107,348)**	(169,595)

40. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk

The carrying amount of trade, bills, notes and other receivables, derivative financial instruments, restricted deposits and bank balances, bank and other deposits, bank balances and cash included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

The Group has policies in place to ensure that sales of products on credit terms are made to customers with an appropriate credit history. The credit risk arising from sales to major non-ferrous metals customers are managed by contracts that stipulate an upfront payment of significant portion of the amount of each sale and the remaining balance is normally received within 6 months. The Group performs periodic credit evaluations of its customers and slow moving debts, if any, are regular monitored with timely follow-up action taken.

The Group has concentration of credit risk because 45.52% (2013: 42.01%) of revenue are generated from its top 10 customers which account for 76% (2013: 73%) of trade receivables as at 31 December 2014.

Normally the Group does not require collaterals from trade debtors. The existing debtors have no significant defaults in the past. The Group's historical experience in collection of trade and other receivables falls within the recorded allowances.

Bills receivable is only drawn from major state-owned financial institutions in the PRC. Substantially all the bank and other deposits, bank balances and restricted deposits as detailed in note 28 are held in major state-owned financial institutions located in the PRC and substantially all derivative financial instruments also directly entered into with the Shanghai Futures Exchange and banks with high credit rating, which management believes are of high credit quality. The Group has a policy to limit the amount of credit exposure to any financial institution and management does not expect any loss arising from non-performance by these counterparties.

Liquidity risk

The Group's treasury department monitors the Group's cash flow positions on a regular basis to ensure the cash flows of the Group are positive and closely controlled. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows. To the extent that interest flows are variable rate, the undiscounted amount is driven from interest rate at the end of reporting period.

40. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

	Weighted average effective interest rate	Less than 1 year and on demand	1 to 2 years	2 to 5 years	More than 5 years	Total undiscounted cash flows	Carrying amounts
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2014							
Trade and bills payables		1,133,451	–	–	–	1,133,451	1,133,451
Other payables		1,120,777	–	–	–	1,120,777	1,120,777
Bank and other borrowings							
— fixed rate	3.91%	4,709,418	1,463,600	638,997	1,091,635	7,903,650	7,401,946
— variable rate	4.77%	540,548	374,618	349,694	496,087	1,760,947	1,580,622
Convertible note/bonds	8.1%–11.2%	4,100	834,514	789,216	–	1,627,830	1,377,919
Derivative financial instruments		53,901	–	–	–	53,901	53,901
		7,562,195	2,672,732	1,777,907	1,587,722	13,600,556	12,668,616
31 December 2013							
Trade and bills payables		1,255,860	–	–	–	1,255,860	1,255,860
Other payables		1,033,991	–	–	–	1,033,991	1,033,991
Bank and other borrowings							
— fixed rate	4.71%	2,003,773	1,306,913	727,390	7,073	4,045,149	3,882,216
— variable rate	3.78%	4,072,718	759,270	469,682	92,649	5,394,319	5,214,392
Cumulative redeemable preference shares		873	–	–	–	873	873
Convertible note/bonds	8.1%–11.2%	4,100	4,100	1,632,258	–	1,640,458	1,354,274
Derivative financial instruments		145,545	–	–	–	145,545	145,545
		8,516,860	2,070,283	2,829,330	99,722	13,516,195	12,887,151

40. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

The following table details the Group's liquidity analysis for its gross-settled derivative financial instruments. The table has been drawn up based on the undiscounted contractual gross inflows and outflows on those derivatives.

	Less than 1 year and on demand	1 to 2 years	2 to 5 years	More than 5 years	Total undiscounted cash flows	Carrying amounts as (a) (assets) liabilities
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2014						
Currency forward contracts						
— inflow	**(1,165,884)**	**–**	**–**	**–**	**(1,165,884)**	**(1,165,884)**
— outflow	**1,167,770**	**–**	**–**	**–**	**1,167,770**	**1,167,770**
	1,886	**–**	**–**	**–**	**1,886**	**1,886**
31 December 2013						
Currency forward contracts						
— inflow	(295,599)	–	–	–	(295,599)	(295,599)
— outflow	304,060	–	–	–	304,060	304,060
	8,461	–	–	–	8,461	8,461

40. FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy of financial instruments

	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
31 December 2014				
Financial assets				
Derivative financial instruments	**–**	**40,354**	**–**	**40,354**
Financial liabilities				
Derivative financial instruments	**–**	**61,548**	**–**	**61,548**
Derivative component of convertible bonds	**–**	**24,119**	**–**	**24,119**
Gold loans	**–**	**1,430,440**	**–**	**1,430,440**
31 December 2013				
Financial assets				
Derivative financial instruments	–	5,057	–	5,057
Financial liabilities				
Derivative financial instruments	–	154,006	–	154,006
Derivative component of convertible bonds	–	116,644	–	116,644
Gold loans	–	1,083,677	–	1,083,677

40. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurement of financial instruments

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

		Fair value as at 31 December 2014 RMB'000	2013 RMB'000	Fair value hierarchy	Valuation technique
Financial assets/liabilities					
Copper futures contracts	Assets	**72**	2,649	Level 2	Note 1
	Liabilities	**–**	13,521	Level 2	Note 1
Copper option contracts	Liabilities	**15,645**	17,205	Level 2	Note 1
Gold futures contracts	Assets	**33,728**	1,186	Level 2	Note 1
	Liabilities	**34,704**	112,790	Level 2	Note 1
Gold option contracts	Liabilities	**86**	–	Level 2	Note 1
Silver futures contracts	Assets	**793**	1,222	Level 2	Note 1
	Liabilities	**207**	–	Level 2	Note 1
Silver option contracts	Liabilities	**3,259**	570	Level 2	Note 1
Zinc futures contracts	Liabilities	**–**	1,459	Level 2	Note 1
Currency forward contracts	Assets	**5,761**	–	Level 2	Note 2
	Liabilities	**7,647**	8,461	Level 2	Note 2
Gold loans	Liabilities	**1,430,440**	1,083,677	Level 2	Note 1
Derivative component of convertible bonds	Liabilities	**24,119**	116,644	Level 2	Note 3

Notes:

(1) Calculate using quoted prices in an active market

(2) Discounted cash flow, future cash flows are estimated based on forward exchange rates and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties

(3) Binomial model with key assumptions including the Company's share price, volatility of the Company's share prices and discount rate, input such as volatility is deduced from the quoted price of the relevant convertible bonds.

40. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurement of financial instruments *(Continued)*

There were no transfers between Level 1 and 2 for the years ended 31 December 2013 and 2014.

Except as detailed above, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost recognised in the consolidated financial statements approximate their fair values.

41. TRANSFERS OF FINANCIAL ASSETS

The following were the financial assets of the Group (measured at amortised cost) transferred to banks, Daye Finance Company or suppliers, which did not qualify for derecognition in their entirety, at the end of the reporting periods:

	Bills receivable endorsed to suppliers *RMB'000*	**Bills receivable discounted to Daye Finance Company** *RMB'000*	**Notes receivable discounted to banks** *RMB'000*
31 December 2014			
Carrying amount of transferred assets	**97,386**	**50,675**	**–**
Carrying amount of associated liabilities	**97,386**	**50,675**	**–**
Net position	**–**	**–**	**–**
31 December 2013			
Carrying amount of transferred assets	267,913	–	20,000
Carrying amount of associated liabilities	267,913	–	20,000
Net position	–	–	–

Under the above arrangements, the Group transferred the contractual rights to receive cash flows from the bills and notes receivable to Daye Finance Company and the respective banks, respectively, by discounting the bills and notes receivable for cash. The Directors consider the Group did not transfer substantially all of the risk and rewards of ownership of the bills and notes receivable and continued to recognise the bills and notes receivable. Associated liabilities have been recognised and included in bank and other borrowings.

In addition, the Group endorsed certain bills receivable to suppliers to exchange for goods and services from those suppliers which transferred the contractual rights to receive cash flows from those bills receivable to the respective supplier. The Directors consider the Group did not transfer substantially all of the risk and rewards of ownership of the bills receivable and continued to recognise the bills receivable and the associated trade payables.

42. OPERATING LEASE — THE GROUP AS LESSEE

The Group leases certain lands under non-cancellable operating leases from Daye Corporation for 30 years. The Group has also leases certain of office properties and staff apartments under non-cancellable operating leases from independent third parties with an average life ranging from 1 to 3 years. The Group does not have an option to purchase the leased assets at the expiry of the lease periods.

At the end of each of the reporting period, the Group had commitments for future minimum lease payments under a non-cancellable operating lease which fall due as follows:

	2014 ***RMB'000***	2013 *RMB'000*
Within one year	**13,079**	13,969
In the second to fifth year inclusive	**51,392**	51,017
Over five years	**255,083**	274,214
	319,554	339,200

43. CAPITAL COMMITMENTS

	2014 ***RMB'000***	2013 *RMB'000*
Capital expenditure authorised but not contracted for in respect of:		
— acquisition of property, plant and equipment	**1,487,557**	1,921,435
Capital expenditure contracted but not provided for in respect of:		
— acquisition of an intangible asset	**–**	31,696
— acquisition of property, plant and equipment	**57,780**	994,860

44. RELATED PARTY TRANSACTIONS

(a) Transactions and balances with PRC government-related entities

The Company is ultimately controlled by the PRC government and the Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government ("government-related entities").

(i) Transactions with China Nonferrous Metal Mining (Group) Co., Ltd. Group

Other than the transactions and balances with related parties disclosed elsewhere in these consolidated financial statements, the Group also had the following significant transactions with related parties during the year:

	Notes	**Related parties**	**2014** ***RMB'000***	2013 *RMB'000*
Income:				
— Sales of non-ferrous metals	*(i)*	Daye Corporation	**4,625**	70,957
	(i)	Fellow subsidiaries	**1,828,193**	1,734,522
	(i)	Joint venture	**325,028**	–
	(i)	An associate of Daye corporation	**–**	15
— Sales of other materials	*(i)*	Daye Corporation	**4,188**	230
	(i)	Fellow subsidiaries	**279,859**	146,752
— Rendering of services	*(i)*	Daye Corporation	**943**	442
	(i)	Fellow subsidiaries	**2,122**	903
— Interest income	*(iii)*	Daye Finance Company	**3,004**	–
Expenses:				
— Transportation fees	*(i)*	An Associate of Daye Corporation	**4,542**	4,332
— Utilities fees	*(i)*	Fellow subsidiary	**334,984**	340,014
	(i)	Daye Corporation	**110**	–
	(i)	An associate of Daye Corporation	**852**	2,022
— Purchases of non-ferrous metals	*(i)*	Daye Corporation	**398,867**	1,968,060
	(i)	Fellow subsidiaries	**1,428,872**	766,583
	(i)	An associate of Daye Corporation	**–**	1,986
— Rental expense	*(i)*	Daye Corporation	**12,754**	12,754
	(i)	Fellow subsidiaries	**1,249**	4,489
— Medical service fees	*(i)*	Fellow subsidiary	**5,021**	16,469
— Interest expense	*(ii)*	Daye Corporation	**57,894**	70,358
	(ii)	Daye Finance Company	**3,513**	–
Capital expenditures:				
— Construction contract fees	*(i)*	Fellow subsidiaries	**676,067**	561,049
— Others	*(i)*	Daye Corporation	**374**	2,308
	(i)	Fellow subsidiaries	**83,130**	45,711

44. RELATED PARTY TRANSACTIONS

(a) Transactions and balances with PRC government-related entities *(Continued)*

(i) Transactions with China Nonferrous Metal Mining (Group) Co., Ltd. Group *(Continued)*

Notes:

(i) These transactions were conducted in accordance with terms of the relevant agreements.

(ii) The interest expense arose from unsecured loans from Daye Corporation and Daye Finance Company. Further details of the loans at the end of the reporting period are set out in note 31.

(iii) The interest income arose from balances with Daye Finance Company. Further details of the balances at the end of the reporting period are set out in note 28.

(ii) Transactions with other PRC government-related entities

The Group has entered into various transactions, amongst others, including deposit placements, borrowings and other bank facilities, with certain banks and financial institutions which are PRC government-related entities in its ordinary course of business. In view of the nature of these transactions, the Directors are of the opinion that separate disclosures would not be meaningful.

(b) The key management personnel remuneration for the Group is set out in note 13.

45. DETAILS OF SUBSIDIARIES

Particulars of the subsidiaries at the end of reporting period are as follows:

Name of subsidiaries	Place and date of incorporation	Issued and fully paid-up capital	Proportion of ownership interest and voting rights held by the Company as at 2014	2013	Principal activities
Ample Year Limited *(Note (a))*	BVI/ 10 November 2004	US$1	**100%**	100%	Investment holding
Billion Honour Development Limited *(Note (b))*	Hong Kong/ 2 October 2009	HK$100	**100%**	100%	Investment holding
China Daye Hong Kong International Trading Ltd. ("中國大冶香港國際貿易有限公司") *(Note (a), (c))*	BVI/ 31 January 2014	US$1	**100%**	–	Trading
China Reservoir Mining Limited *(Note (b))*	BVI/ 9 August 2011	US$50,000	**51%**	51%	Investment holding
Daye Non-ferrous Design and Research Institute Company Limited ("大冶有色設計研究院有限公司") *(Note (b))*	PRC/ 1 June 2007	RMB6,800,000	**95.35%**	95.35%	Research and development
Daye Non-ferrous Metals Co., Ltd. ("Hubei Daye") ("大冶有色金屬有限責任公司") *(Note (b))*	PRC/ 31 March 2005	RMB1,490,977,877	**95.35%**	95.35%	Mining and processing of mineral ores and trading of metal concentrates
Daye Non-ferrous Xingke Construction Works Quality Inspection Company Limited ("大冶有色興科建設工程質量檢測有限公司") *(Note (b))*	PRC/ 27 July 2006	RMB1,000,000	**95.35%**	95.35%	Quality testing of construction projects
Fuken Investments Limited ("富勤投資有限公司") *(Note (b))*	BVI/ 5 March 2007	US$1	**100%**	100%	Investment holding
Giant Strong International Limited ("鉅強國際有限公司") *(Note (b))*	BVI/ 2 March 2007	US$3	**100%**	100%	Investment holding
Golden Brand Investments Limited ("金名投資有限公司") *(Note (b))*	BVI/ 18 May 2007	US$1	**100%**	100%	Investment holding
Goldright Finance Limited *(Note (d))*	PRC/ 18 February 2004	N/A	**–**	100%	Securities trading

45. DETAILS OF SUBSIDIARIES *(Continued)*

Particulars of the subsidiaries at the end of reporting period are as follows: (Continued)

Name of subsidiaries	Place and date of incorporation	Issued and fully paid-up capital	Proportion of ownership interest and voting rights held by the Company as at 2014	2013	Principal activities
Gold Way Investment International Limited ("匯金投資國際有限公司") *(Note (b))*	Hong Kong/ 1 February 2007	HK$100	**100%**	100%	Investment holding
Hui Xiang *(Note (b))*	PRC/ 9 May 2007	RMB226,000,000	**55%**	55%	Mineral exploitation
Kunming Daxin Trading Co,. Ltd Mining Co., Ltd. ("昆明大鑫貿易有限公司") *(Note (b))*	PRC/ 20 December 2013	RMB10,000,000	**51%**	51%	Trading
Max Alliance International Limited ("兆聯國際有限公司") *(Note (d))*	BVI/ 4 January 2010	N/A	**–**	100%	Investment holding
Max Alliance Gold Resource Investment Limited ("兆聯黄金資源投資有限公司") *(Note (d))*	Hong Kong/ 8 April 2010	N/A	**–**	100%	Dormant
Profit Jumbo Investment Limited *(Note (a))*	BVI/ 6 July 2007	US$1	**100%**	100%	Investment holding
Prosper Well Group Limited *(Note (a))*	BVI 1 December 2010	US$1	**100%**	100%	Investment holding
Qianyi Limited *(Note (b))*	BVI/ 1 September 2009	US$1,000	**100%**	100%	Investment holding
Rainbow Treasure Holdings Limited *(Note (b))*	Hong Kong/ 30 November 2010	HK$1	**100%**	100%	Investment holding
Reservoir (Mongolia) Limited *(Note (b))*	The Republic of Mongolia/ 4 November 2005	US$100,000	**51%**	51%	Mineral exploitation
Tong Xing *(Note (b))*	PRC/ 28 May 2007	RMB46,080,000	**91.32%**	91.32%	Mineral exploitation
Vintage International Financial Holding Group Limited ("豐匯國際金融控股集團有限公司") *(Note (d))*	BVI/ 6 December 2007	N/A	**–**	100%	Investment holding

45. DETAILS OF SUBSIDIARIES *(Continued)*

Notes:

(a) This company is directly held by the Company.

(b) These companies are indirectly held by the Company.

(c) This company was incorporated during the year.

(d) These companies were strike-off during the year.

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Incorporation/ establishment/ registration and operation	Proportion ownership interest and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2014	2013	**2014**	2013	**2014**	2013
		%	%	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Hubei Daye	PRC	**4.65**	4.65	**4,215**	10,899	**203,152**	198,937
Hui Xiang	PRC	**45**	45	**(27,445)**	(1,446)	**178,538**	205,983
Individually immaterial subsidiaries with non-controlling interests						**(8,394)**	(608)
						373,296	404,312

45. DETAILS OF SUBSIDIARIES *(Continued)*

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Hubei Daye	**2014** **RMB'000**	2013 RMB'000
Current assets	**7,530,841**	8,267,669
Non-current assets	**7,985,891**	7,678,256
Current liabilities	**(7,085,596)**	(8,187,791)
Non-current liabilities	**(4,062,284)**	(3,479,918)
Equity attributable to owners of the Company	**4,165,700**	4,079,279
Non-controlling interests	**203,152**	198,937
Revenue	**41,457,709**	34,670,504
Expenses	**(41,367,073)**	(34,436,111)
Profit and total comprehensive income for the year	**90,636**	234,393
Profit and total comprehensive income attributable to owners of the Company	**86,421**	223,494
Profit and total comprehensive income attributable to the non-controlling interests	**4,215**	10,899
Dividends paid to non-controlling interests	**–**	–
Net cash inflow (outflow) from operating activities	**2,457,510**	(200,969)
Net cash outflow from investing activities	**(1,430,260)**	(860,932)
Net cash (outflow) inflow from financing activities	**(1,064,657)**	1,428,900
Net cash (outflow) inflow	**(37,407)**	366,999

45. DETAILS OF SUBSIDIARIES *(Continued)*

Hui Xiang	**2014** **RMB'000**	2013 RMB'000
Current assets	**5,651**	8,385
Non-current assets	**1,228,454**	1,092,823
Current liabilities	**(572,704)**	(549,468)
Non-current liabilities	**(264,650)**	(94,000)
Equity attributable to owners of the Company	**218,213**	251,757
Non-controlling interests	**178,538**	205,983
Revenue	**2,164**	99
Expenses	**(63,153)**	(3,312)
Loss and total comprehensive expense for the year	**(60,989)**	(3,213)
Loss and total comprehensive expense attributable to owners of the Company	**(33,544)**	(1,767)
Loss and total comprehensive expense attributable to the non-controlling interests	**(27,445)**	(1,446)
Dividends paid to non-controlling interests	**–**	–
Net cash inflow (outflow) from operating activities	**409**	(3,360)
Net cash outflow from investing activities	**(214,838)**	(193,583)
Net cash inflow from financing activities	**213,000**	186,130
Net cash outflow	**(1,429)**	(10,813)

46. EVENT AFTER THE REPORTING PERIOD

On 30 January 2015, the Group entered into an agreement with Daye Corporation for entrusting Daye Corporation with the relocation and demolition of 40 households at Huangshi City, the PRC, including reimbursement of the demolition of old units and the relocation of residents to new units in the same city. The consideration payable by the Group to Daye Corporation shall be determined based on certain bases and is estimated to be RMB7.85 million in total, and in any event, shall not exceed RMB9 million. Further details of which are set out in the Company's announcement on 30 January 2015.