



洛陽樂川鉬業集團股份有限公司
China Molybdenum Co., Ltd.*

Stock Code: 3993

2014
Annual Report

CONTENTS

Company Profile	2
Financial Highlights	3
Chairman's Letter	8
Market Review and Prospects	11
Business Review and Prospects	14
Management's Discussion and Analysis	18
Resources and Reserves	27
Material Events	
Material Events	31
Honours	32
Domestic Industry Policies	32
Corporate Governance Report	33
Report of the Directors	45
Report of the Supervisory Committee	52
Profiles of Directors, Supervisors and Senior Management	55
Corporate Information	60
Audit Report	62

This annual report includes forward-looking statements. All statements, other than statements of historical facts, that address business activities, events or developments that the Company expects or anticipates may or will occur in the future (including but not limited to projections, targets, estimates and business plans) are forward-looking statements. The Company's actual results or developments may differ materially from those indicated by these forward-looking statements as a result of various variables. The Company makes the forward-looking statements referred to herein as at 23 March 2015 and undertakes no obligation or responsibility to update these statements.

COMPANY PROFILE

China Molybdenum Co., Ltd. (“**CMOC**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) is a joint stock company established in the People’s Republic of China (the “**PRC**” or “**China**”) on 25 August 2006. The Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 26 April 2007 and the Shanghai Stock Exchange (the “**SSE**”) on 9 October 2012.

The Company is primarily engaged in the mining and processing, smelting, deep processing, trade, research and development of molybdenum, tungsten, copper, gold and other precious and base metals. It possesses a complete industry chain which integrates upstream and downstream processes including the molybdenum mining, processing, roasting, molybdenum chemical products and molybdenum metal processing. As one of the leading molybdenum producers in the world, the Company has the highest production capacity in ferromolybdenum and molybdenum oxides in the PRC. The Company is also the second largest tungsten concentrates producer in the PRC and the fourth largest existing copper producer in Australia. The Company operates its wholly-owned Sandaozhuang molybdenum/tungsten mine (三道莊鉬鎢礦), one of the largest proved reserves of molybdenum and the second largest proved reserves of tungsten in the world, with very competitive cost for both molybdenum and tungsten. CMOC Mining Pty Limited (“**CMOC Mining**”), a wholly-owned subsidiary of the Company, operates the Northparkes copper/gold mine in Australia (“**NPM**”). NPM is operated with a technologically advanced and highly automated mining method of block caving, and is characterized by its high-quality products, low production cost and long years for processing. In addition, the Shangfanggou molybdenum/iron mine (上房溝鉬鐵礦), which is owned by Luoyang Fuchuan Mining Co., Ltd. (洛陽富川礦業有限公司) (“**Luoyang Fuchuan**”), a joint venture of the Company, is in close proximity to the Sandaozhuang molybdenum mine and has an abundant high-grade molybdenum reserve. The molybdenum mine located in East Gobi, Hami, Xinjiang owned by Xinjiang Luomu Mining Co., Ltd. (新疆洛鉬礦業有限公司) (“**Xinjiang Luomu**”), a subsidiary of the Company, was the first huge porphyry-type molybdenum mine discovered in Xinjiang, the PRC. The mine is large in scale, of high grade, shallow in terms of burial depth and easy for open mining.

The Company’s vision is to become a respected international group. The Company’s value is to implement the highest industrial standards in safety, environment and occupational health and to create good returns for our shareholders, employees and the communities.

The focus of our developmental strategies will be:

- To strengthen and maintain the existing highly competitive cost advantage, be dedicated to continue to reduce costs, improve the management, enhance the efficiency and dig out the potential within the Company;
- To continue to manage and optimize the balance sheet, dispose non-core or under-performing assets and make the best use of the capital platform for reasonable fund raising;
- To actively promote the resources acquisition, and to prioritize mergers and acquisitions of or investment in such quality and mature resources projects which are located in a politically stable area and have good cash flow.

FINANCIAL HIGHLIGHTS

1. CONSOLIDATED BALANCE SHEET

Items	As at 31 December		Increase (decrease)
	2014 RMB	2013 RMB	
Current assets:			
Bank balances and cash	9,325,581,044.71	1,882,647,897.27	395.3%
Bills receivable	1,158,139,987.39	1,591,402,447.61	-27.2%
Accounts receivable	851,358,849.42	805,679,742.94	5.7%
Prepayments	272,450,320.91	297,345,943.53	-8.4%
Interests receivable	55,295,452.15	452,860.33	12,110.3%
Dividends receivable	61,226,476.23	—	100%
Other receivables	48,949,578.33	72,517,407.57	-32.5%
Inventories	432,754,646.84	820,996,265.56	-47.3%
Other current assets	2,559,100,452.85	1,701,577,473.05	50.4%
Total current assets	14,764,856,808.83	7,172,620,037.86	105.9%
Non-current assets:			
AFS financial assets	4,928.00	204,928.00	-97.6%
Long-term equity investment	1,484,565,921.78	1,598,257,270.92	-7.1%
Fixed assets	4,983,502,274.40	5,876,304,885.87	-15.2%
Construction in progress	372,524,643.53	493,586,919.64	-24.5%
Inventories	307,737,812.71	334,515,072.36	-8.0%
Intangible assets	3,915,838,078.45	4,425,899,735.38	-11.5%
Long-term deferred expenses	115,221,782.30	128,517,647.63	-10.3%
Deferred income tax assets	307,825,177.99	140,019,796.25	119.8%
Other non-current assets	1,802,798,943.92	1,729,212,246.72	4.3%
Total non-current assets	13,290,019,563.08	14,726,518,502.77	-9.8%
Total assets	28,054,876,371.91	21,899,138,540.63	28.1%
Current liabilities:			
Short-term borrowings	305,950,000.00	224,344,311.98	36.4%
Financial liabilities at fair value through profit or loss	998,690,650.00	357,251,970.00	179.5%
Bills payable	156,900,000.00	27,910,000.00	462.2%
Accounts payable	192,793,812.46	197,385,526.41	-2.3%
Receipts in advance	76,780,913.29	61,827,310.76	24.2%
Employee benefits payable	137,777,636.28	146,914,601.55	-6.2%
Taxes payable	207,789,199.47	-63,559,475.84	-426.9%
Interests payable	47,062,873.80	55,733,935.24	-15.6%
Dividends payable	27,885,796.67	57,085,715.06	-51.2%
Other payables	253,313,764.07	568,214,130.26	-55.4%
Non-current liabilities due within one year	578,277,474.64	390,708,567.70	48.0%
Other current liabilities	16,651,701.67	20,202,200.99	-17.6%
Total current liabilities	2,999,873,822.35	2,044,018,794.11	46.8%
Net current assets	11,764,982,986.48	5,128,601,243.75	129.4%
Total assets less current liabilities	25,055,002,549.56	19,855,119,746.52	26.2%

FINANCIAL HIGHLIGHTS

Items	As at 31 December		Increase (decrease)
	2014 RMB	2013 RMB	
Non-current liabilities:			
Long-term borrowings	4,160,920,000.00	4,664,128,500.00	-10.8%
Bonds payable	5,438,722,886.26	2,000,000,000.00	171.9%
Provision	280,949,808.78	243,513,209.64	15.4%
Other non-current liabilities	29,876,208.25	54,825,730.13	-45.5%
Total non-current liabilities	9,910,468,903.29	6,962,467,439.77	42.3%
Total liabilities	12,910,342,725.64	9,006,486,233.88	43.3%
Shareholders' equity:			
Share capital	1,015,234,105.00	1,015,234,105.00	0.0%
Capital reserve	9,529,866,110.21	8,102,977,121.92	17.6%
Other comprehensive income	-208,549,984.41	-51,029,120.69	308.7%
Special reserve	271,924,909.24	199,586,093.33	36.2%
Surplus reserve	704,898,171.11	704,898,171.11	0.0%
Undistributed profits	3,320,200,571.47	2,206,609,158.00	50.5%
Total equity attributable to the shareholders of the parent Company	14,633,573,882.62	12,178,275,528.67	20.2%
Minority interests	510,959,763.65	714,376,778.08	-28.5%
Total shareholders' equity	15,144,533,646.27	12,892,652,306.75	17.5%
Total liabilities and shareholders' equity	28,054,876,371.91	21,899,138,540.63	28.1%

FINANCIAL HIGHLIGHTS

2. CONSOLIDATED INCOME STATEMENT

Items	For the year ended 31 December		Increase (decrease)
	2014 RMB	2013 RMB	
I. Total operating revenue	6,662,382,123.45	5,536,469,246.73	20.3%
Including: Operating Revenue	6,662,382,123.45	5,536,469,246.73	20.3%
Less: Operating costs	3,871,429,795.40	3,733,468,267.20	3.7%
Business taxes and levies	349,981,670.62	270,681,417.11	29.3%
Selling expenses	99,817,516.25	26,909,956.33	270.9%
Administrative expenses	448,352,128.52	686,204,836.52	-34.7%
Financial expenses	181,697,640.05	103,227,553.28	76.0%
Impairment losses of assets	105,559,909.17	87,704,184.08	20.4%
Add: Gains (losses) from changes in fair values	888,370.00	8,269,939.71	-89.3%
Investment income	531,758,189.98	373,417,961.32	42.4%
Including: Income from investments in associates and joint ventures	86,466,625.43	157,560,072.96	-45.1%
II. Operating profit	2,138,190,023.42	1,009,960,933.24	111.7%
Add: Non-operating income	66,656,292.09	246,601,099.22	-73.0%
Including: Income from disposal of non-current assets	21,670,101.53	166,833.13	12,889.1%
Less: Non-operating expenses	56,786,238.27	20,379,818.34	178.6%
Including: Losses from disposal of non-current assets	51,055,392.73	4,610,406.83	1,007.4%
III. Total profit	2,148,060,077.24	1,236,182,214.12	73.8%
Less: Income tax expenses	347,858,293.20	151,271,401.35	130.0%
IV. Net profit	1,800,201,784.04	1,084,910,812.77	65.9%
Net profit attributable to shareholders of the parent company	1,824,255,286.97	1,174,203,715.57	55.4%
Profit or loss attributable to minority interests	-24,053,502.93	-89,292,902.80	-73.1%
V. Other comprehensive income, net of tax	-157,520,863.72	-48,970,530.23	221.7%
Other comprehensive income attributable to owners of the parent company, net of tax	-157,520,863.72	-48,970,530.23	221.7%
(1) Other comprehensive income that will not be reclassified subsequently to profit or loss	—	—	
(2) Other comprehensive income that may be reclassified subsequently to profit or loss	-157,520,863.72	-48,970,530.23	221.7%
Including: Exchange differences arising on translation of financial statements denominated in foreign currencies	-157,520,863.72	-48,970,530.23	221.7%
Other comprehensive income attributable to minority interests, net of tax	—	—	
VI. Total comprehensive income	1,642,680,920.32	1,035,940,282.54	58.6%
Total comprehensive income attributable to owners of the parent company	1,666,734,423.25	1,125,233,185.34	48.1%
Total comprehensive income attributable to minority interests	-24,053,502.93	-89,292,902.80	-73.1%
VII. Earnings per share:			
(I) Basic earnings per share	0.36	0.23	55.4%
(II) Diluted earnings per share	0.36	N/A	

FINANCIAL HIGHLIGHTS

3. CONSOLIDATED CASH FLOW STATEMENT

Items	For the year ended 31 December		Increase (decrease)
	2014 RMB	2013 RMB	
I. Cash flow from operating activities:			
Cash received from sales of goods and provision of services	7,859,617,868.81	5,842,111,942.08	34.5%
Other cash receipts relating to operating activities	119,587,736.21	74,521,419.31	60.5%
Sub-total of cash inflows from operating activities	7,979,205,605.02	5,916,633,361.39	34.9%
Cash payments for goods purchased and services received	2,372,217,158.40	2,772,092,075.27	-14.4%
Cash payments to and on behalf of employees	691,883,777.41	635,434,743.94	8.9%
Payments of various types of taxes	1,092,799,630.87	922,476,327.89	18.5%
Other cash payments relating to operating activities	187,257,901.17	214,915,838.49	-12.9%
Sub-total of cash outflows from operating activities	4,344,158,467.85	4,544,918,985.59	-4.4%
Net cash flow from operating activities	3,635,047,137.17	1,371,714,375.80	165.0%
II. Cash flows from investing activities:			
Cash receipts from disposals and recovery of investments	4,668,357,974.57	4,980,406,928.42	-6.3%
Cash receipts from investment income	292,301,129.18	430,012,687.91	-32.0%
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	73,233,797.38	3,261,701.50	2,145.3%
Cash receipts from acquisitions or disposals of subsidiaries and other business units	814,373,425.01	186,832,429.95	335.9%
Other cash receipts relating to investing activities	34,200,000.00	—	100%
Sub-total of cash inflows from investing activities	5,882,466,326.14	5,600,513,747.78	5.0%
Cash payments for acquisitions or disposals of subsidiaries and other business units	—	4,846,769,844.81	-100%
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	601,565,585.43	593,705,253.52	1.3%
Cash payments to acquire investments	9,229,000,000.00	4,345,000,000.00	112.4%
Other cash payments relating to investing activities	131,158,843.62	125,391,150.21	4.6%
Sub-total of cash outflows from investing activities	9,961,724,429.05	9,910,866,248.54	0.5%
Net cash flow from investing activities	-4,079,258,102.91	-4,310,352,500.76	-5.4%

FINANCIAL HIGHLIGHTS

Items	For the year ended 31 December		
	2014 RMB	2013 RMB	Increase (decrease)
III. Cash flows from financing activities:			
Cash receipts from borrowings	5,326,397,956.20	5,800,113,211.98	-8.2%
Other Cash receipts relating to financing activities	992,093,300.00	352,728,000.00	181.3%
Sub-total of cash inflows from financing activities	6,318,491,256.20	6,152,841,211.98	2.7%
Cash repayments of borrowings	628,820,161.77	660,000,000.00	-4.7%
Cash payments for distribution of dividends or profits and settlement of interests	974,258,892.86	854,729,859.54	14.0%
Other cash payments relating to financing activities	426,161,875.11	1,353,186,087.58	-68.5%
Sub-total of cash outflows from financing activities	2,029,240,929.74	2,867,915,947.12	-29.2%
Net cash flow from financing activities	4,289,250,326.46	3,284,925,264.86	30.6%
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-24,041,546.34	-5,340,750.27	350.2%
V. Net increase in cash and cash equivalents	3,820,997,814.38	340,946,389.63	1,020.7%
Add: Opening balance of cash and cash equivalents	1,804,583,230.33	1,463,636,840.70	23.3%
VI. Closing balance of cash and cash equivalents	5,625,581,044.71	1,804,583,230.33	211.7%

CHAIRMAN'S LETTER

To all our honorable shareholders:

I am pleased to announce, on behalf of the board of directors of the Company (the “**Board**”) and the management, that the Group realized a net profit attributable to the parent company for 2014 of RMB1.824 billion, equivalent to RMB0.36 per share, representing a growth of 55% compared to that of 2013, mainly driven by: 1) strong contribution made by NPM in Australia; 2) further cost reduction and operating efficiency enhancement in molybdenum and tungsten business segments in Luoyang; 3) investment gains from the disposal of non-core and under-performing assets; and 4) increase of the Group’s capital investment rate of return. During the year, the net operating cash flow reached RMB3.635 billion, equivalent to RMB0.72 per share; as at the end of 2014, the Group’s gearing ratio was 46% and the available capital reserve amounted to RMB13.465 billion.

In the macro environment of the continued weakening commodity industries and in contrast to the large-scale decline in the performance of companies in the same industry, our strong results were especially commendable as it was not easy to achieve, and highlighted the Group’s successful strategy of diversification and overseas acquisition, its relentless effort to pursue excellence in internal operating management and its continuous focus and proactive management of its balance sheet and cash flow.

REVIEW

The NPM in Australia, upon acquisition, went through a smooth transition and fast integration, while further improving its efficiency, and many related tasks had actually been initiated during the process of the transaction in 2013, as we understood deeply that the operating performance after acquisition is far more important than the “delivery” itself and is the key to measure whether an acquisition is successful. Under the condition of NPM having achieved and maintained a record high processing capacity, C1 cash cost was down to US\$0.56 per pound, which decreased by 38% and 21% compared to that of 2012 and 2013 respectively. In addition to the unique resources gifted from nature and low-cost mining method of block caving, the sense of ownership enhanced by the Australian on-site management and staff and the pragmatic style of our overseas management team played very important roles. We are also proud that NPM received New South Wales Mining Environment and Community Excellence Award for its Volunteer Leave program and was recognized as a good example in Australia for harmonious co-existence and development of both mining and farming in 2014. The Managing Director of NPM, Ms. Stefanie Loader, was elected as the Chair of New South Wales Mineral Council and is also its first female Chair.

The average prices of molybdenum and tungsten in 2014 were down by 10.2% and 16.5% respectively compared to those of 2013, with a relatively big drop in the fourth quarter in particular. At the end of 2014, the prices of ferro-molybdenum and standard tungsten concentrate were RMB84,000/tonne and RMB78,000/tonne respectively, hitting a new low since 2009 and the second half of 2010 respectively. Facing the continuously depressed market environment, the Group’s management proactively implemented the strategy “Saving is the New Growth” (「節約即是新的增長」) proposed by the Board and led all staff to continue improving internal operation efficiency to achieve organic growth by cutting cost. A total amount of RMB98 million of cost and expenses were saved in 2014 throughout each segment of molybdenum and tungsten business lines, mitigating the negative impact to the profit caused by the declining prices of molybdenum and tungsten. One key component of the Group’s strategy is to comprehensively enhance the competitiveness of our existing business, the core of which is, under the premise of implementing the highest standard of safety and environmental protection, ensuring the product quality as well as maintaining long-term healthy development, to continuously reduce the production cost on a sustained basis. We focus on adopting effective measures such as technology innovation, optimization of mining and processing, strengthening refinement of management and performance appraisals, elimination of the culture of self-interested behaviour and further recovery of by-product minerals in our mine. If some of the investors in the market have doubts about the sustainability of our cost control, then our performance in 2014 as presented to our shareholders should eliminate their concerns.

On 16 December 2014, the convertible bonds of RMB4.9 billion issued by the Group were listed on the SSE, which attracted more than RMB806.5 billion and was 163 times over-subscribed. It reflected that the Company’s performance and long-term development was highly recognized by the investors of domestic capital market. The successful issuance of convertible bonds was a milestone of the Group’s capital strategy, further strengthening our cash position and facilitating the optimization of the Company’s long-term capital structure.

In addition, our daily operation and management had many other highlights and achievements in 2014. For example, the Company actively adjusted the product mix and the marketing strategy, reached a 100% sales-output rate; strengthened the supervision of the accounts receivable to achieve rapid recovery of outstanding payments; realized the book value of return on investment of RMB134 million through many channels under the premise of guaranteed safety; raised centralized procurement rate of raw auxiliary materials and spare parts through the refinement of management to 61%; saved working capital of RMB11.55 million through inventory management; continued to enjoy preferential treatment regarding the enterprise income tax rate upon passing the review as a high and new technology enterprise; obtained the approval on foreign debt quota and established foreign currency and renminbi bidirectional cash pooling which provides convenience for lower cost financing and financial management.

Under the premise of not impacting our operating budget, capex and overseas business development, the Group will continue to maintain a relatively stable and long-term high-ratio cash dividend policy. The Board has recommended the declaration of a dividend for the year ended 31 December 2014 of RMB0.18 (tax inclusive) to the shareholders (subject to approval of shareholders at the forthcoming annual general meeting of shareholders).

OUTLOOK

Molybdenum, tungsten and copper are all strategic metals and are important fundamental raw materials in the PRC for industrial upgrading, strengthening the national defense and improving living standards. In the long run, we have strong confidence in the fundamentals of these metals.

Pursuant to our survey and analysis, although the market demand is still good but the prices of molybdenum and tungsten in 2014 have fallen below the cost line of many producers for a long time, and have even fallen below some producers' cash cost. Under the macroeconomic environment of the slow-down in the domestic economy and the twists of the global recovery (except for the U.S.), we believe this phenomena is a necessary process in "over-capacity elimination" (「去過剩產能」) in the upstream industry and beneficial to the survival of the fittest, however, these low prices are not sustainable in the long run. The rebound of the price of tungsten by approximately 12% by mid March in 2015 also confirms this view. The steel industry and equipment manufacturing industry in the PRC are large but not strong. While these industries are eliminating excess capacity, they are also undergoing transformation towards high value-added products. Such structural adjustments in these industries will promote the consumption of molybdenum and tungsten in the next decade, not to mention that among global industries, tungsten and molybdenum also have advantages in terms of resources and pricing. Meanwhile, as the industry's leading enterprise, we also need to proactively contemplate and practice how to create an environment that is beneficial to the health of the industry and sustainable development.

Our vision is to become a respected international group. In addition to the traditional natural resource area where we are now, there are many assets and businesses that have "resource-characteristics" such as high market share, almost monopolistic industries, concessions, channels, platform etc. They can well complement the very cyclical commodity industries, and worth our proactive study and pursuit. Nowadays, the global context becomes complicated and quickly changing, as the PRC enters "New Normal", the nation is transforming, traditional industries are facing reformation, new economies such as the internet are on the uprise. Rather than following the beaten track, we need to keep up with the times, to accept and embrace the new era and various changes. Together with all the Board members, we have been actively studying the foregoing topic, aiming at freeing ourselves and breaking the boundaries so that we can deliberate the Group's future development and growth with a more open mind.

If 2013 was the start of winter for commodities, we felt the freezing cold in 2014. We don't know if spring is coming in 2015, but we do know, that when others are clenching their teeth and suffering through the rough winter, we are well equipped with sufficient food and ammunition and hunting; we do know, that by maintaining the competitive advantage with the lowest-level of production cost among the peers in the world, we shall enjoy a much bigger harvest than others when spring and summer come; and we believe, that by being more open-minded, strong-willed and determined, we can go further ahead of others, more solidly and for a longer journey.

CHAIRMAN'S LETTER

ACKNOWLEDGEMENT

I have been the Chairman for more than a year and I would like to take this opportunity to extend my appreciation to our shareholders, clients and partners for their continued support to the Group. I would also like to express my sincere gratitude to all the Board members, our domestic and overseas management team and all our employees for their diligence, efforts and contributions to the success of the Group.

Li Chaochun
Chairman

Luoyang City, Henan Province, the PRC
23 March 2015

MARKET REVIEW AND PROSPECTS

The Company's revenue mainly came from the sales of molybdenum, tungsten and copper products, including ferro-molybdenum and other molybdenum products, tungsten concentrate and copper concentrate. The Company's business performance was subjected to a relatively large impact produced by the fluctuation of the market prices of molybdenum, tungsten and copper. Meanwhile, the Company also had some sales of gold, silver and lead products. Accordingly, the fluctuation of the prices of gold, silver and lead also produced a definite impact on the Company.

2014 MARKET REVIEW ON ALL METALS

Molybdenum market

Domestic market: In 2014, subject to the impact produced by the recession in the macro economy, reduction in industrial investment, serious problem of surplus production capacity, slow down in the growth of the development in downstream industries including construction, machinery and automobiles, iron and steel industries continue to run rather cold, and such other influencing factors, the entire molybdenum market is positioned in a continued decline. Details were as follows: As for the first quarter, the market kept declining slowly because of the diminishing downstream demand and the accumulation of the existing inventory. As for the second quarter, the market was rising to a small extent led by the demand and the rebound of international molybdenum prices. As for the third quarter, molybdenum prices continued to drop since there was no significant improvement in macro economy and the operation of iron and steel market was subject to greater pressure. As for the fourth quarter, ferromolybdenum market faced fierce challenges and the price of molybdenum products continued to reach new low, with no improvement to the end of the year, because the overall situations of iron and steel industries were worse for the year and steel plants suppressed the purchase price of raw materials even more.

The average price of molybdenum concentrates for 2014 was RMB1,351/metric tonne unit ("mtu"), with a year-on-year decrease of 11.68%; the lowest price was RMB1,210/mtu and the highest price was RMB1,440/mtu. The average price of ferromolybdenum for 2014 was RMB93,100/tonne, with a year-on-year decrease of 10.17%; the lowest price was RMB84,000/tonne and the highest price was RMB100,200/tonne.

International market: For the first two months in 2014, the international market of molybdenum did not perform well, with a prolonged flat trend and only very slight change in the price of product. The noteworthy point was: after March, the economy in Europe and the U.S. improved slightly and the external demand resumed. Yet, the major mining production output of foreign countries was not satisfactory. As a result, the market lacked spot goods and the price kept rising. Until early June, the highest price of molybdenum oxides hit US\$15.20/pound of molybdenum, being the highest since 2012. After the big rise in the international price of molybdenum for the second quarter, the industry expected some growth for the fourth quarter though the third quarter was a summer vacation in Europe. Besides, there was an increase in short-term operation of some trading companies. Since the PRC's collection and reserve for molybdenum oxides produced some certain impact on external trading companies, the international price of molybdenum fluctuated within a tightly defined range at high price level in July and August. Entering into September, the market's hope was not realized as the international price of molybdenum kept going downwards, hit the new low and still remained at low level until the end of the year, because of the following: the economy in Europe was weak; the demand for steel plants was low; imported goods in prior months were not timely consumed; the pressure on the supply and demand of the market was further increased due to the commencement of production of new molybdenum mines in foreign countries.

The average international MW price of molybdenum oxide for 2014 was US\$11.39/pound of molybdenum, with a year-on-year increase of 9.91%; the lowest price was US\$8.70/pound of molybdenum and the highest price was US\$15.2/pound of molybdenum.

MARKET REVIEW AND PROSPECTS

Tungsten market

Domestic market: The year 2014 saw a departure from the high price level back in 2013 and adjustments began to be made to the tungsten market. The unbalanced status of supply and demand promoted a downturn in tungsten market. Tungsten market continued to head downwards due to no improvement in market demand, continuous accumulation of new inventory and failure in realizing expected and potential favorable factors.

In 2014, the average price 65% of domestic wolframite concentrates was RMB103,800/tonne, with a year-on-year decrease of 16.52%; the lowest price was RMB78,000/tonne and the highest price was RMB117,000/tonne. APT average price was RMB164,800/tonne, with a year-on-year decrease of 13.56%; the lowest price was RMB128,000/tonne and the highest price was RMB181,000/tonne.

International market: the price of tungsten was also in the downside trend. The international market of tungsten went downwards in early 2014 but rebounded after hitting the bottom in May. Yet, the overall trend was downward. Export market recovered significantly in April and May. More overseas quotation inquiries were received and consumer businesses supplemented their inventory and increased purchases of tungsten. Since the supply of tungsten in Vietnam was suspended in June, foreign buyers increased their orders of tungsten from the PRC, resulting in a small rise of international tungsten price up to US\$370/mtu. On the other hand, following the PRC's loss in the lawsuit over rare earths, tungsten, and molybdenum according to the judgement by the World Trade Organization, foreign business consumers believed that the PRC would open up for export in 2015 and then the price would drop accordingly, and thus, they intentionally reduced the purchase.

The average international APT price on European market for 2014 was US\$350/mtu, with a year-on-year decrease of 4.96%; the highest price was RMB372/mtu and the lowest price was RMB270/mtu.

Copper market

The Company operated its copper business mainly through NPM and thus the operational performance of the segment was subject to the impact produced by the fluctuation of international copper price. Meanwhile, the ancillary businesses NPM involved gold and silver.

In 2014, the economy of emerging markets experienced a slowdown in growth and an increase in US dollar index. As a result, product price declined and the entire market of base metal became weak. As for the supply and demand, the global production of copper concentrates for 2014 recorded a growth higher than that of consumption, resulting in increase in production surplus in the market. According to the estimate made by Goldman Sachs, the world production of copper concentrates for 2014 amounted to 21,900,000 tonnes, representing a growth of 6.4% over the previous year. The world consumption of copper concentrates for 2014 amounted to 21,600,000 tonnes, representing a growth of 4.7% over the previous year. Moreover, the production in the PRC continued to grow and production for a single month surged to new highs repeatedly. Yet, the surplus correspondingly increased due to the drop in growth of consumption. Although the international copper market rebounded in the year, the overall trend of copper price for the entire year was downwards and recorded the biggest decrease for the past three years. For most of the time, the price of the copper traded on the London Metal Exchange (LME) for 2014 fluctuated between US\$6,300/tonne–US\$7,300/tonne (or US\$2.8/pound–US\$3.3/pound) and the average traded price for the year was US\$6,859/tonne (or US\$3.1/pound).

2015 MARKET PROSPECTS FOR MAIN METAL SECTORS

1. Molybdenum market

Domestic market: As for the demand for molybdenum, it is expected that iron and steel industries will actively undergo transformation to adapt to the current situation in the PRC in 2015. Considering that the continuous growth in the production volume of stainless steel and special steel will stimulate the consumption of molybdenum, the demand in molybdenum products can be well guaranteed in the following years. Meanwhile, there is hope that the export customs duty for molybdenum of the PRC will be abolished in 2015. For recent years, high customs duties have been levied and sales of enterprises focus on domestic markets. Thus, it not only led to fierce competition in the domestic market, it also affected profits generated by enterprises. If export customs duties can be abolished, enterprises may choose domestic and international markets for promoting their sales. In so doing, sales channels can be expanded and pressure on domestic market can be reduced, bringing new opportunity for the molybdenum market.

As for the supply of molybdenum, the market downturn after 2010 rendered a serious production reduction and suspension among small and medium-sized enterprises. The PRC molybdenum industry started destocking, relieving the oversupply pressure to a certain extent. Although new mines have commenced production, the transformation of iron and steel plants and the increased production of the steel with molybdenum content all contribute to the substantial increase in the consumption of molybdenum. In 2015, following the release of production capacity of Luming Molybdenum Mine, the presence of new mines globally and raw materials of low cost, domestic market will further be threatened. Hence, it is expected that domestic production of molybdenum will grow slightly or remain stable in 2015.

International market: the room for molybdenum commodity price to experience a significant drop narrows and there may be a chance for the market to take a turn for the better. In 2015, the molybdenum market is expected to be better than it was in 2014.

2. Tungsten market

As for the demand for tungsten, it is expected that the export of tungsten will increase because the export quota for 2015 has been abolished and there is hope that the export customs duties will be abolished. In addition, the domestic economy grows steadily despite a slower growth and the production volume of hard alloy and alloy steel will maintain at a stable level. The extensive marketing of tungsten products on the electronic platform is expected to boost a new momentum.

As for the supply for tungsten, although oversupply still exists in the tungsten market currently, the PRC government has promulgated various indicators and the Ministry of Land and Resources will advise the indicators for controlling the total mining output of tungsten producers in all regions respectively, will implement the monthly and quarterly reporting systems for conducting an investigation, and will organize and develop an audit for implementation of indicators at appropriate time. Prior to 30 June 2015, the Ministry of Land and Resources will suspend the acceptance of applications for prospecting new tungsten ore deposits and for registration of mining. Subject to be bound by the mining quota, it is expected that tungsten output will remain steady.

3. Copper market

As for the copper market in 2015, since the bull market of the U.S. dollar index will cause re-evaluation of copper price, the weak demand from emerging economies will continue. Oversupply of copper concentrates will gradually be realized in 2015 and oversupply of copper concentrates will be smoothly transmitted to refined copper. The slowdown of global economic growth and in particular, the PRC economic growth is entering into a stage of "New Normality", both being the main factors for suppressing the price. Despite the upward pressure on copper price in 2015, factors such as the ongoing growth in copper consumption in the PRC, the procurement of copper by the State Reserve Bureau and the ongoing recovery in the economy of the US, the second largest copper consumer, set ground for an improving copper market.

As for the copper market in 2015, the supply will continue to be greater than the demand because of the slowdown of global economic growth. In particular, the PRC economic growth is entering into a stage of "New Normality". According to the forecasts by Goldman Sachs, the production volume and consumption of copper concentrates will reach 22.6 million tonnes and 22.10 million tonnes respectively in 2015. Both investment banks and relevant research institutes agree that the oversupply of copper will no longer be the case for 2016, and in 2017 and the years thereafter, the demand will exceed the supply as cuts in the investment inputs in mines will result in lower grades of copper produced from mines that are already under production.

BUSINESS REVIEW AND PROSPECTS

2014 BUSINESS REVIEW ON ALL METAL SECTORS

Molybdenum Sector

For 2014, the Company realized production volume of molybdenum metal (with metal equivalents of 100% MO metal) of 16,270 tonnes, the production cost in unit cash of RMB56,663/tonne and the recovery rate of molybdenum metal of 85.3%. As shown in the statistical information of Antaika (a supplier of metal information), the production volume of the PRC molybdenum concentrates for 2014 was 87,771 tonnes of molybdenum (content of metal). The Company's production volume of molybdenum metal accounted for 18.54% of the total volume produced in the PRC for 2014. According to the estimate made by CRU, an international research institution, the world's production volume of molybdenum metal for 2014 was approximately 257,000 tonnes of molybdenum and the Company's production volume of molybdenum accounted for approximately 6.33% of the world's total production volume of molybdenum metal.

Tungsten Sector

For 2014, the Company realized production volume of tungsten metal (with metal equivalents of 100%WO₃) of 8,122 tonnes (excluding Luoyang Yulu Mining Co., Ltd.), the production cost in unit cash of RMB17,635/tonne and the recovery rate of tungsten metal of 76.7%. As shown in the statistical information of National Bureau of Statistics, the aggregate production volume of the PRC tungsten concentrates for 2014 was 138,000 tonnes of tungsten (including 65% WO₃), with 100% metal equivalents (WO₃) of 89,654 tonnes. The Company's production volume of tungsten metal accounted for 9.06% of the total volume produced in China for 2014.

Copper Sector (Including Gold and Silver)

2014 marked a full year of NPM's operation after the Company's completion of its acquisition on 1 December 2013. In 2014, there occurred no major safety and environmental issues during the operation of copper metal sector by the Company. This matched the local operating concept of "Zero Hazard". Calculated based on 100% interest of the Company in the copper, the mining quantity for copper metal sector in 2014 hit a new record of 6.10 million tonnes, realizing the recovery rate for copper being 87.7% and for gold being 75.8%, production volume of copper concentrates of 169,400 tonnes, the copper grade of such concentrates was 33.4%. The sellable production volume of copper metal for the entire year was 54,700 tonnes, and the production cost in C1 cash of US\$0.56/pound. For the entire year, there were 58,400 ounces of paid gold and 536,000 ounces of silver.

BUSINESS REVIEW AND PROSPECTS

2014 BUSINESS REVIEW

During the reporting period, despite facing the complicated unfavourable conditions of all metal sectors and selected grading of molybdenum ores being unstable, the Company's management, under the right guidance and leadership of the Board and full support from all the society, led all the staff members to endeavour their best efforts to overcome difficulty and to achieve good performance. Through greatly implementing cost reduction and efficiency enhancement, the Company actively facilitated the development strategy, strongly promoted capital operation, continued to strengthen the establishment of internal control, continued to strengthen the management of subsidiaries and conducted in-depth anti-corruption monitoring work and a series of powerful measures. Apart from accelerating the Company's business development, we also took further steps to cultivate corporate culture by highlighting practical and innovative management skills so as to enhance the efficiency of corporate actions. During the reporting period, the Company made significant achievement in respect of production, operation and others. The Company outperformed its peers and gained sound economic benefits and social benefits. The details of the report are as follows:

1. Greatly implemented cost reduction and efficiency enhancement. During the reporting period, the Company actively conducted technical upgrading, optimized technical indicators, implemented sophisticated management, suppressed all non-production related expenses, further intensified cost management, adopted various measures, reduced production cost, dug out the existing potential, increased income and reduced expenditure, and created a good atmosphere of reducing cost and enhancing efficiency, thus the Company could achieve superb effect of reducing cost and enhancing efficiency. In 2014, the Company's total cost of domestic mining decreased by RMB64.93 million; the total cost of molybdenum concentrates decreased by RMB12.61 million; the total processing cost of ferromolybdenum decreased by RMB10.58 million; the total cost of tungsten concentrates decreased by RMB9.56 million; and the total amount of all the above items decreased by RMB97.68 million as compared to that of the previous year.
2. Improved sales strategy and promoted growth. During the reporting period, the Company endeavoured its efforts to improve its marketing strategy and promoted the sales based on the stable customer basis, aiming at enhancing the economic performance. In 2014, the Company sold molybdenum metal of 19,871 tonnes, with a year-on-year growth of 14.38%; it sold tungsten metal of 6,928 tonnes, with a year-on-year decrease of 2.96%; it sold copper metal of 43,618 tonnes (calculated based on 80% equity interests).
3. Actively facilitated the implementation of the development strategy. During the reporting period, the Company prepared and optimized the balance sheet, stripped and disposed of non-core and low-efficient assets and all went smoothly. The Company successfully transferred 70% of the equity shares in Luoyang Kunyu Mining Co., Ltd. ("**Kunyu Mining**") and successfully disposed of the original office of the Company located at Luoyang World Trade Center and some idled properties and assets in Luoyang and Luanchuan. In so doing, not only did it dispose of under-performing assets, optimize the balance sheet, and enrich the cash flow, but also strengthened its risk resistance capacity and created good conditions for the Company's continuous rapid and healthy development.
4. Strongly promoted fund management and capital operation. During the reporting period, the Company raised the efficiency in use and rate of return regarding its own fund in idle. Furthermore, the Company was confirmed by the departments of the State Administration of Foreign Exchange to be one of only two pilot enterprises of centralized operation of foreign exchange funds and one of the enterprises obtaining direct approval for foreign exchange quota. The Company set up a two-way foreign currency cash pooling of the Company and a two-way RMB cash pooling in Shanghai Pilot Free Trade Zone, facilitating that the Company could manage and use its funds within China or out of China in more effective and more convenient manner. During the reporting period, it was noteworthy that the Company successfully issued convertible bonds of RMB4.9 billion on 2 December 2014 and was successfully listed on the SSE on 16 December 2014. The Company's issuance of such convertible bonds gained utmost attention from the market and the public actively and passionately participated in such issuance. The successful issuance of such convertible bonds and successful listing provided the Company's continuous development with better funding support.

BUSINESS REVIEW AND PROSPECTS

5. Continued to strengthen the control of its internal systems. During the reporting period, pursuant to the laws and regulations of the Company Law of the PRC (《中華人民共和國公司法》) (the “**Company Law**”), the Application Guidelines for Enterprise Internal Controls (《企業內部控制應用指引》) and the Basic Norms for Enterprise Internal Controls (《企業內部控制基本規範》) and the provisions of Articles of Association (《公司章程》), the Company amended or formulated a series of corporate governance system including the Articles of Association (《公司章程》), the Rules of Procedure of Shareholders’ General Meeting (《股東大會議事規則》), Details of Implementing Cumulative Voting System (《累積投票制實施細則》), Work Details of Investment Committee (《投資委員會工作細則》). It improved the internal control files including Assembly of Internal Control System (《內部控制制度彙編》), Internal Control Manual (《內部控制手冊》), Internal Control Assessment Manual (《內部控制評價手冊》), Guidelines for Regular Business License (《常規業務權限指引》) and commenced the implementation thereof. The improvement made to the foregoing system further strengthened the construction of internal control.
6. Continued to strengthen the management of subsidiaries. During the reporting period, by adopting measures such as changing the operating concept and further improving the award and punishment mechanism while seizing the opportunity arising from the enhancement of operation, management and control of Australian NPM, the Company earnestly learnt about the advanced management experience from Australian mining enterprises. With the Company’s corporate culture and operating concept, the Company continued to strengthen the management of subsidiaries thoroughly such that profitable subsidiaries could make more profits and subsidiaries which had the potential to stop loss could try their best to make a profit instead of suffering from loss while subsidiaries with deficits could minimize their loss.
7. Developed in-depth monitoring of anti-corruption activities mainly as follows. Firstly, the Company developed the activities of “Check and Investigate for Five Times” (五查五看) by combining the actual situation of the Company. Such activities are divided into learning and education, listening to opinions, identifying and solving the problems, commencing the criticism and rectifying and implementing, so as to improve the three stages of the system. Such activity was smoothly completed in December 2014 and passed upon acceptance through examination by the Company. By conducting such activities, the staff officers could really change their working styles and a long-lasting effective mechanism was established for close connection among many staff members, thereby strengthening the cohesiveness and a strong organizational protection were provided for accomplishing the target and missions for the year and for the rapid, steady and healthy development of the Company. Secondly, the Company continued to strengthen the internal audit work and organized and completed the auditing of the construction budget for 67 projects. Should the first person in charge of the relevant department of the organization quit from the job, 7 items were to be audited. This was to strengthen the leadership’s consciousness of economic responsibility and of being self-disciplined. Thirdly, the Company conscientiously implemented the establishment of anti-corruption system and promoted education. While it continuously established a healthy anti-corruption system, it conscientiously implemented anti-corruption education. It aimed at enhancing the leadership’s consciousness of integrity when performing their job duties by strengthening the learning through publicity and induction education. For the entire year, an equivalent of RMB195,500 in total for gifts, cash gift, negotiable securities and others were received from individuals who took initiative to turn those in. Fourthly, the Company effectively developed efficient monitoring and case investigation, and implemented efficient monitoring for 4 projects, effectively plugging the loopholes in management. For the entire year, ten cases were reported and accepted for investigation, the Company assisted the judiciary in investigating four cases; a total of 11 staff members who violated regulations and rules were punished and handled, with an illegal amount involved of more than RMB280,000. The Company’s disciplinary measures were strictly enforced and safeguarded the Company’s benefits.

BUSINESS REVIEW AND PROSPECTS

BUSINESS PROSPECTS FOR 2015

Based on the future economic and market dynamics, we have confirmed the estimated targets: In 2015, the Company plans to produce 16,323 tonnes of molybdenum concentrates (containing 100% MO) with a planned cash cost of production of RMB63,358/tonne (net of resource tax, depreciation and amortisation, sales and general management), and 8,720 tonnes of tungsten concentrates (containing 100% WO₃) with a planned cash cost of production of RMB15,912/tonne (net of resource tax, depreciation and amortisation, sales and general management costs); the estimated output of NPM in Australia in 2015: saleable copper metal of 41,614 tonnes (calculated based on 80% of equity interests) with C1 cash cost of US\$0.79/pound, and saleable gold of 39,914 ounces (calculated based on 80% of equity interests) C1 cash cost means: cash operating costs (including mining, processing, site administration expenses, logistics and smelting/refining costs) after deduction of the earnings generated from by-products.

For the purpose of realizing the foregoing estimated targets, we will tenaciously adhere to the development strategies of the Group to achieve sustainable, rapid and sound growth in 2015. Particular efforts will be put into the following areas:

1. Spare no efforts in the operation and management over the Group's existing business segments, further enhance the level of management and operating efficiency, maintain the Company's profitability of the existing business segments and ensure that the estimated output for the entire year will be realized. As for molybdenum and tungsten business, the Company will implement projects such as optimisation of mining and processing locations as soon as possible so as to improve the economic benefits derived from molybdenum and tungsten sectors. As for copper business, the Company will maintain a proper management on the operation of NPM in Australia and improve operation quality of its offshore assets and facilitate the stable and rapid development of the copper and gold mine;
2. Continuously prepare and optimise the balance sheet, accelerate the stop-loss, profit making and disposal of invalid assets and inefficient assets, enrich the Company's cash flow, improve operation quality of assets and optimise the allocation of assets;
3. Focusing on cost reduction, optimise the technological process, vigorously conducting scientific and technological innovation, continue to develop experimental research and promotion of new process, and provide technical support for continuously reducing cost and optimising indicators;
4. Further increase the efforts put into marketing research and contribution, establish the mechanism and system of analyzing the marketing research, timely adjust the marketing strategy based on the market changes, endeavour its efforts to adjust product structure, expand marketing channels and study new means of marketing business;
5. Continuously facilitate the reform on human resources system (including personnel system, salary system, and performance system), continue to intensify the reform on leadership system, continuously enhance the energy and competitiveness of the leadership, strengthen the establishment of management talent, and lay a sound and solid talent base for future development of the Group; and
6. Continue to tenaciously implement the development strategies of the Company and fully utilize the successful experience and international reputation and influence derived from the successful acquisition and sound operation of NPM in Australia, consolidate and maintain the competitive cost advantages of the existing business, and with help of the financial strength of the Group and the management and technical teams which have rich experience earned overseas, the Company will prioritize the mergers and acquisitions of and make investment in such mature resources projects which are located at an area with political stability and have good cash flow. The Company will provide better and sustainable returns while expanding its size and reinforcing its risk aversion through proactive acquisition of quality mining assets with stable cash flow.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

For the year ended 31 December 2014, the net profit of the Group was RMB1,800.2 million, representing an increase of RMB715.3 million or 65.9% from RMB1,084.9 million for the year ended 31 December 2013. For the year ended 31 December 2014, net profit attributable to the owners of the parent company was RMB1,824.3 million, representing an increase of RMB650.1 million or 55.4% from RMB1,174.2 million for the year ended 31 December 2013, which was primarily due to: (1) the increase in profit contributed by NPM, 80% equity interest of which is held by a subsidiary of the Company as the manager to the Group compared with the same period last year; (2) the increase in revenue of equity transfer after the transfer of the subsidiary in the period; (3) the increase in the overall level of profitability resulting from changing the product structure by means of the disposal of subsidiaries and the suspension of production for repair and maintenance of Luoyang Yongning Gold & Lead Refining Co., Ltd. ("Yongning Gold & Lead") by the Group; and (4) the offset of adverse effects by the Group regarding the net profit affected by the decrease of market price through the measures of increase in sales and decrease in costs.

The comparative analysis for the year ended 31 December 2014 and the year ended 31 December 2013 is as follows:

OPERATING RESULTS

For the year ended 31 December 2014, the Group recorded an operating revenue of RMB6,662.4 million, representing an increase of RMB1,125.9 million or 20.3% from RMB5,536.5 million for the year ended 31 December 2013. For the year ended 31 December 2014, the gross profit of the Group was RMB2,791.0 million, representing an increase of RMB988.0 million or 54.8% from RMB1,803.0 million for the same period last year.

The table below sets out the turnover, cost of sales, gross profit and gross profit margin of our products in 2014 and 2013:

Product Name	2014				2013			
	Operating revenue (RMB million)	Operating cost (RMB million)	Gross profit (RMB million)	Gross profit margin (%)	Operating revenue (RMB million)	Operating cost (RMB million)	Gross profit (RMB million)	Gross profit margin (%)
Domestic market								
— Molybdenum and tungsten-related products	3,558.6	1,925.6	1,632.9	45.9	3,642.7	1,907.4	1,735.3	47.6
— Gold, silver and related products	274.2	273.7	0.5	0.2	716.5	712.8	3.7	0.5
— Electrolytic lead	215.7	246.4	(30.7)	(14.2)	504.2	607.7	(103.6)	(20.5)
— Copper-related products	630.6	305.1	325.5	51.6	0.0	0.0		
— Others	474.7	405.3	69.4	14.6	461.3	399.1	62.2	13.5
Sub-total	5,153.8	3,156.2	1,997.5	38.8	5,324.7	3,627.1	1,697.6	31.9
International market								
— Molybdenum and tungsten-related products	56.5	28.7	27.9	49.3	34.5	40.7	(6.2)	(17.9)
— Copper-related products	1,418.8	686.5	732.3	51.6	172.2	65.6	106.6	61.9
— Others	33.2	0.0	33.2	100.0	5.0	0.0	5.0	100.0
Sub-total	1,508.6	715.2	793.4	52.6	211.7	106.3	105.4	49.8
Total	6,662.4	3,871.4	2,791.0	41.9	5,536.5	3,733.5	1,803.0	32.6

Note: The related products of molybdenum and tungsten of the Company mainly produced in the Sandaozhuang molybdenum and tungsten associated ore, and two products shared the processes of mining, transportation, crushing, tailings discharge and others. In order to reflect the characteristics of the sharing processes of these two products in a more reasonable manner, the Company no longer separately calculates the gross profit margin of these two products.

MANAGEMENT'S DISCUSSION AND ANALYSIS

During the reporting period, NPM realized an income of RMB2,082.7 million in its first full year, which offset the adverse effects of the drop in tungsten and molybdenum product prices, the sale of the gold and silver businesses, and the reduction in relevant business due to Yongning Gold and Lead's suspension of production for repair and maintenance on the Company's realized income. This allowed the Company to realize an operating income of RMB6,662.4 million, which increased 20.3% from the same period last year.

During the reporting period, the sales of copper concentrates from newly acquired NPM achieved high gross profit margin of 51.6% and became a new profit growth momentum of the Company. Meanwhile, the Company decreased efforts to sell gold, silver and electrolytic lead products with lower gross profit margins, so as to achieve the structural adjustment of the Company's products and offset the adverse impact on gross profit and gross profit margin from the decline in market price. The Company effectively reduced production costs through enhancing internal management and implementing various cost control measures, which further improved the market competitiveness of molybdenum and tungsten products.

During the reporting period, the gross profit and gross profit margin of the Company were RMB2,791.0 million and 41.9% respectively, representing an increase of RMB988.0 million and 9.3 percentage points as compared with the same period last year.

The Company has adjusted the provision standard for production maintenance fee of domestic mines from RMB18 per tonne to RMB15 per tonne since 1 January 2014. As domestic mines of the Company have entered into the stage of stable mining, the balance of provision for production maintenance fee of the Company increased by RMB83.9 million as of 31 December 2014 as compared with that of the beginning of the year upon the adjustment of provision standard. According to the requirements of the accounting standards, the unused provision for production maintenance fee was directly reflected in the shareholders' equity of the Company, rather than the net profit of the Company for the year, which decreased earnings per share of the Company by RMB0.017 per share.

For the year ended 31 December 2014, the operating cost of the Group was RMB3,871.4 million, representing an increase of RMB137.9 million or 3.7% from RMB3,733.5 million for the same period last year. The effect on the operating cost caused by the increased sales volume at NPM was offset by the decrease in the sales volume of gold, silver and electrolytic lead products during the period which allowed the operating cost to remain similar to the same period last year. Set out below is the component of cost of the major products of the Company:

Product	Component of cost	Current period (RMB million)	Percentage over total cost for the current period (%)	Amount for the same period last year (RMB million)	Percentage over total cost for the same period last year (%)	Percentage of changes in amount during the year (%)
Molybdenum and tungsten-related products	materials	524.9	30.4	474.3	26.3	10.7
	labor	338.3	19.6	359.2	19.9	(5.8)
	depreciation	180.4	10.5	193.0	10.7	(6.5)
	energy	237.7	13.8	295.4	16.4	(19.5)
Gold and silver-related products	manufacturing fees	445.4	25.8	481.8	26.7	(7.6)
	materials	200.9	74.6	338.7	52.6	(40.7)
	labor	41.6	15.4	215.7	33.5	(80.7)
	depreciation	4.7	1.7	26.9	4.2	(82.7)
Electrolytic lead	energy	4.5	1.7	18.3	2.8	(75.3)
	manufacturing fees	17.6	6.5	44.5	6.9	(60.5)
	materials	231.1	89.3	493.1	90.6	(53.1)
	labor	6.8	2.6	11.6	2.1	(40.9)
Copper and related products	depreciation	10.8	4.2	23.1	4.3	(53.4)
	energy	7.6	2.9	13.7	2.5	(44.6)
	manufacturing fees	2.5	1.0	3.0	0.6	(18.1)
	materials	342.6	32.4	—	—	—
Copper and related products	labor	162.3	15.3	—	—	—
	depreciation	437.4	41.3	—	—	—
	energy	87.9	8.3	—	—	—
	manufacturing fees	28.0	2.6	—	—	—

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS TAXES AND LEVIES

For the year ended 31 December 2014, the Group recorded business taxes and levies of RMB350.0 million, representing an increase of RMB79.3 million or 29.3% from RMB270.7 million for the same period in 2013, mainly due to an increase of RMB66.8 million of business taxes and levies related to NPM in this period.

SELLING EXPENSES

For the year ended 31 December 2014, the selling expenses of the Group amounted to RMB99.8 million, representing an increase of RMB72.9 million or 270.9% from RMB26.9 million for the same period in 2013. Such increase was mainly attributable to an increase in selling expenses related to income from NPM during this period.

ADMINISTRATIVE EXPENSES

For the year ended 31 December 2014, the administrative expenses of the Group was RMB448.4 million, representing a decrease of RMB237.8 million or 34.7% from RMB686.2 million for the same period in 2013. Such decrease was mainly attributable to the stamp duties and intermediary expenses of RMB298.0 million incurred in the acquisition of the business in Australia by the Group in the same period last year. No such expense incurred in this year.

For the year ended 31 December 2014, the Group's administrative expenses included a technology development fee of RMB126.6 million. The main projects comprised Research on Applications of Reasonable Ore Mixing with Different Lithological Nature (不同岩性礦石合理配礦應用研究), Research on the Integrated Technology for the Intensified Mining of the Open Pit and Treatment of the Open Areas in Sandaozhuang and Specification (三道莊露天礦強化開採與空區處理一體化工藝與規範研究), Experimental Research on Processing of High Chlorite Molybdenum Raw Mines (高綠泥石鉬原礦選礦試驗研究) and Research on Improvement of the Recycle Rate of Molybdenum Roughing (提高鉬粗選作業回收率的研究) and other technical research and development.

FINANCE EXPENSES

For the year ended 31 December 2014, the finance expenses of the Group amounted to RMB181.7 million, representing an increase of RMB78.5 million or 76.0% from RMB103.2 million for the same period in 2013. Such increase was mainly attributable to interests expenses incurred from newly-added long-term borrowings in the period after the acquisition of NPM at the end of 2013.

INVESTMENT INCOME

For the year ended 31 December 2014, the investment income of the Group was RMB531.8 million, representing an increase of RMB158.4 million or 42.4% from RMB373.4 million for the same period in 2013. Such increase was mainly attributable to the increase in equity transfer income after the disposal of equity interests in a subsidiary during this period.

NON-OPERATING INCOME

For the year ended 31 December 2014, the non-operating income of the Group amounted to RMB66.7 million, representing a decrease of RMB179.9 million or 73.0% from RMB246.6 million for the same period last year. Such increase was mainly attributable to the recognition of RMB200.5 million in respect of the discount on acquisition of the business in Australia in the previous period. There was no such income during this period.

NON-OPERATING EXPENSES

For the year ended 31 December 2014, the non-operating expenses of the Group amounted to RMB56.8 million, representing an increase of RMB36.4 million or 178.6% from RMB20.4 million for the same period in 2013. Such increase was mainly attributable to the suspension of production for repair and maintenance of Yongning Gold & Lead and retirement of part of obsolete fixed assets during this period.

MANAGEMENT'S DISCUSSION AND ANALYSIS

INCOME TAX EXPENSES

For the year ended 31 December 2014, the income tax expenses of the Group amounted to RMB347.9 million, representing an increase of RMB196.6 million or 130.0% from RMB151.3 million for the same period last year. Such increase was mainly attributable to the increase in total amount of profit as compared with the same period last year and a relative high income tax rate of NPM.

NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY

For the year ended 31 December 2014, the net profit of the Group attributable to owners of the parent company amounted to RMB1,824.3 million, representing an increase of RMB650.1 million or 55.4% from RMB1,174.2 million for the year ended 31 December 2013. Such increase was mainly attributable to an increase in the net profit for the year ended 31 December 2014.

MINORITY INTERESTS

For the year ended 31 December 2014, the minority interests income of the Group was RMB-24.1 million, representing an increase of RMB65.2 million or 73.1% from RMB-89.3 million for the same period last year. Such increase was mainly attributable to the decrease in loss assumed by minority shareholders during this period.

FINANCIAL POSITION

For the year ended 31 December 2014, the total assets of the Group amounted to RMB28,054.9 million, comprising non-current assets of RMB13,290.0 million and current assets of RMB14,764.9 million. Equity attributable to shareholders of the parent company for the year ended 31 December 2014 increased by RMB2,455.3 million or 20.2% to RMB14,633.6 million from RMB12,178.3 million for the year ended 31 December 2013. Such increase was mainly due to the increase in the profit of the Company and the inclusion of the value of conversion rights into capital reserve resulting from the issuance of the A share convertible corporate bonds during the period.

CURRENT ASSETS

For the year ended 31 December 2014, the current assets of the Group increased by RMB7,592.3 million or 105.9% to RMB14,764.9 million from RMB7,172.6 million for the year ended 31 December 2013. The increase in the current assets was mainly attributable to the issuance of A share convertible corporate bonds, disposal of subsidiaries and increase in bank balances and cash through production and operation during the period.

NON-CURRENT ASSETS

For the year ended 31 December 2014, the non-current assets of the Group amounted to RMB13,290.0 million, representing a decrease of RMB1,436.5 million or 9.8% from RMB14,726.5 million for the year ended 31 December 2013. The decrease in the non-current assets was mainly attributable to the decrease in non-current assets after disposal of subsidiaries by the Group in this period.

CURRENT LIABILITIES

For the year ended 31 December 2014, the current liabilities of the Group amounted to RMB2,999.9 million, representing an increase of RMB955.9 million or 46.8% from RMB2,044.0 million for the year ended 31 December 2013. The increase in the current liabilities was mainly attributable to the increase in short-term financing.

NON-CURRENT LIABILITIES

For the year ended 31 December 2014, the non-current liabilities of the Group amounted to RMB9,910.5 million, representing an increase of RMB2,948.0 million or 42.3% from RMB6,962.5 million for the year ended 31 December 2013. The increase in the non-current liabilities was mainly due to the issuance of A share convertible corporate bonds during the period.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONTINGENCY

As at 31 December 2014, the Group had the following contingent liabilities:

On 30 January 2013, the Company received relevant documents from the Intermediate People's Court of Luoyang City, Henan Province, stating that West Lead Mine, Yangshuao, Luanchuan County (樂川縣楊樹凹西鉛礦) ("Yangshuao") filed a lawsuit accusing that the tailing storage built by the No. 3 Ore Processing Branch, a branch of the Company, was in its mining area. As the height of the dam of the tailing storage grew and the level of the groundwater rose, the mining facilities and equipment of Yangshuao were damaged and its mining needed to be written off. The plaintiff was unable to exploit the defined lead-zinc ore and an economic loss was thus incurred. Therefore, the plaintiff contended that No. 3 Ore Processing Branch shall cease the infringement and compensate the plaintiff for a direct economic loss of approximately RMB18.0 million. As of 31 December 2014, the court was still reviewing the relevant litigation. The Company and its attorneys reviewed all the evidence submitted by Yangshuao and believed that the existence of the infringement claimed by the plaintiff could not be confirmed. If Yangshuao is unable to submit new evidence to the court, its claim of infringement is unlikely to be supported by the court only based on the existing evidence. Therefore, the Company currently believes that the litigation would not have any significant impact on the financial position of the Company and has not made any provision for an amount claimed in the aforesaid issue in its year-end financial statements.

The NPM business of the Group provided guarantees to government agencies of New South Wales, Australia through certain banks in relation to the operation of the business. The guarantees amounted to AUD28.38 million (equivalent to RMB142.5 million) as at 31 December 2014. The owners of the joint venture agreed with the enforcement of the guarantees arising from any obligations in relation to the business. As at 31 December 2014, no significant obligations for the guarantees occurred.

The Company provided guarantee of RMB231 million to the bank borrowing of RMB420 million from Luoyang Fuchuan, a subsidiary of the Company's joint venture, Xuzhou Huanyu Molybdenum Co., Ltd.* (徐州環宇鋇業有限公司) ("Xuzhou Huanyu") in accordance with its proportion of capital contribution, the term of which is from the effective date of the contract to two years after the expiry of performance of debts. The Company's management considered such financial guarantee did not have significant impact on its financial statements.

GEARING RATIO

The gearing ratio (total liabilities divided by total assets) of the Group increased to 46.0% for the year ended 31 December 2014 from 41.1% for the year ended 31 December 2013. The increase in the gearing ratio was mainly attributable to the issuance of A share convertible corporate bonds by the Company during the period.

CASH FLOW

For the year ended 31 December 2014, the Group had cash and cash equivalents of RMB5,625.6 million, representing an increase of RMB3,821.0 million or 211.7% from RMB1,804.6 million for the year ended 31 December 2013.

For the year ended 31 December 2014, net cash inflow generated from operating activities was RMB3,635.0 million; net cash outflow generated from investment activities was RMB4,079.3 million; net cash inflow generated from financing activities was RMB4,289.3 million.

During 2014, the Group implemented strict internal management and costs saving measures, thus maintaining sound operation status and healthy financial position. As at the end of 2014, the Company had sufficient capital which enabled it to operate in a virtuous cycle or satisfy the liquidity requirement for coping with the variations in the production capacity.

MANAGEMENT'S DISCUSSION AND ANALYSIS

EXPOSURE TO PRICE FLUCTUATIONS OF MAJOR PRODUCTS

The income of the Company primarily derived from sales of molybdenum, tungsten and copper products, including ferromolybdenum, tungsten concentrates, copper concentrates and other molybdenum products. Its operational results are mainly influenced by fluctuations in the market prices of molybdenum, tungsten and copper. At the same time, the Company also has some sales of gold, silver and lead products. Therefore, the price fluctuations in gold, silver and lead also have an impact on the Company. Since the fluctuations in exploration and smelting are relatively insignificant, the Company's profit and profit margin in the reporting period are closely related to the price trend of commodities. If there is a significant fluctuation in the prices of molybdenum, tungsten, copper, gold, silver and lead in the future, the operating results of the Company will become unstable. In particular, if the prices of molybdenum, tungsten and copper plummet, the operating results of the Company will be affected.

EXPOSURE TO THE MINERAL RESOURCES

As an enterprise engaged in mineral exploitation, the Company is highly dependent on resources. The retained reserves and grade of mineral resources directly affect the Company's operation and development. The exploitation of mineral reserves with relatively low grade may be economically infeasible if the cost of production rises due to fluctuations in the market price of metal products, the drop in the recovery rate, inflation or other factors, or restrictions caused by technical problems and natural conditions such as weather and natural disasters in the process of mining. Therefore, full utilisation of the retained reserves of the Company cannot be guaranteed and the production capacity of the Company might be affected.

EXPOSURE RELATED TO PRODUCTION SAFETY OR NATURAL DISASTERS

The Company and all of its subsidiaries invested substantial resources on safety production, established a relatively sound management body, personnel and systems to form a relatively complete system of production safety management, prevention and supervision. However, safety incidents are unavoidable. As a mining resources development enterprise, large amounts of barren rock and tail slag are produced in the production process. If the management of slag discharge fields and tailing storage is inefficient, small scale of disaster may occur. The Company is required to use explosives in the mining process. If there are defects in the management of storage and use of such materials, there may be possible risk of casualties. In addition, tailing storage and slag discharge fields may be damaged if serious natural disaster happens such as heavy rain and debris flow.

EXPOSURE TO INTEREST RATE

The exposure to interest rate of the Company is mainly related to our short-term and long-term borrowings and deposits. The outstanding liabilities of the Company are calculated based on the benchmark interest rates of the People's Bank of China and the London inter-bank market as amended time to time. As of the date of this report, the Company has not entered into any type of interest agreement or derivatives to hedge against the contingent liabilities arising from fluctuations in interest rate.

EXPOSURE TO EXCHANGE RATE

The Company's principal operations are in the PRC and recorded in RMB, the lawful currency of the PRC. As the production capacity of the Group increases along with its development in the markets and recovery in the overseas markets of molybdenum, tungsten and copper, there will be a relatively large volume of products to be exported by the Company or through its subsidiaries to different countries. As at 31 December 2014, the Company provided loans of approximately US\$765 million in net balance for the mergers and acquisitions of CMOC Limited and CMOC Mining (wholly-owned subsidiaries of the Company). All the assets of CMOC Mining are located in Australia, and its income is denominated in U.S. Dollar while its cost is settled in Australian Dollar. The foreign currency risks of the Company are primarily arisen from the sales of products in foreign currencies and the holding of foreign assets and liabilities. Currently, the Company has no formal hedging policy in place. The Company has not entered into any foreign currency exchange contracts or derivatives to hedge against the Company's currency risks.

MANAGEMENT'S DISCUSSION AND ANALYSIS

EMPLOYEES

As at 31 December 2014, the Group had approximately 7,207 full-time employees, classified as follows by function and department:

Department	Employees	Proportion
Management & administration	689	9.6%
Quality control, research and development	521	7.2%
Production	4,895	67.9%
Finance, sales and other support	1,102	15.3%
Total	7,207	100%

The remuneration policy for the employees of the Company principally consists of a salary point and performance remuneration system, based on the employees' positions and responsibilities and their quantified assessment results. Performance remuneration is linked to the Company's overall economic effectiveness and personal performances, which provides a consistent, fair and impartial remuneration system for all the employees. The Group has participated in the social insurance contribution plans introduced by the PRC local governments. In accordance with the requirements of the laws and policies in the country or area where the employees are located and the requirements of the Company, the Group participates in the requisite social insurance plan and pension fund or health scheme.

USE OF PROCEEDS

As at 31 December 2013, the proceeds of approximately RMB7,694.0 million raised by the Group from the public offering of H shares in April 2007 have been fully applied.

On 9 October 2012, the Group issued 200,000,000 ordinary shares (A shares) publicly on the SSE at an issue price of RMB3.00 per share and the proceeds raised was RMB600.0 million. Deducting the total underwriting commission of RMB30.0 million, the actual proceeds received by the Company from the above-mentioned issuance of A shares were RMB570.0 million. After deducting other issuance expenses paid by the Company, the net actual proceeds were RMB558.1 million. The net proceeds from the initial public offering and listing of A shares and its interests were applied in full for the acquisition of 80% interest in Northparkes Joint Venture held by North Mining Limited and certain associated rights and assets, as considered and approved at the first extraordinary general meeting of the Company in 2013 held on 25 November 2013. On 25 November 2013, the Company invested the balance of RMB571.3 million (equivalent to US\$93.8 million) in the designated account for proceeds, of which US\$45.8 million was used as investment cost and US\$48.0 million as working capital invested in CMOC Limited, a wholly-owned subsidiary based in Hong Kong, in a one-off manner. On the same day, CMOC Limited transferred the above amount in US dollar in full into the account of the purchasing entity for the overseas acquisition project of CMOC Mining (a wholly-owned subsidiary in Australia). On 29 November 2013, the investment cost of US\$45.8 million was paid to the counterparty of the overseas acquisition project as part of the transaction consideration.

As approved by the approval (Zheng Jian Xu Ke [2014] No. 1246) from China Securities Regulatory Commission ("CSRC"), the Company issued A share convertible corporate bonds on 2 December 2014 with total proceeds raised of RMB4,900,000,000. After deducting the issuance fees of RMB56,452,000, the actual proceeds raised amounted to RMB4,843,548,000. The Proposal in Relation to Replacement of the Internal Financed Funds in Advance by Application of the Proceeds Raised was considered and approved in the twenty-fourth extraordinary meeting of the third session of the Board of the Company, where it was agreed to use the proceeds raised of RMB4,843,548,000 and its yields to replace the internal financed funds initially contributed to the proceeds funded projects. Until now, the Company has cancelled the special accounts for proceeds raised from initial public offering of A Shares and special accounts for proceeds raised from A share convertible corporate bonds. (Please refer to the announcements of the Company dated 18 December 2014 and 25 December 2014 for details).

As at 25 December 2014, the Company had applied all the proceeds raised from the issuance of A shares in the initial public offering and the public issuance of A share convertible bonds. The two abovementioned fund-raising accounts had been cancelled.

MANAGEMENT'S DISCUSSION AND ANALYSIS

ANALYSIS TO MAJOR SUBSIDIARIES

(1) Main subsidiaries

1. *Luoyang Yongning Gold & Lead Refining Co., Ltd.*

Legal representative:	Xie Fengxiang
Date of establishment:	21 September 2007
Registered capital and paid-up capital:	RMB1 million
Registered address:	Xishandi Street, Xishandi Village, Luoning County, Luoyang City, Henan Province, the PRC

Major businesses engaged: Smelting of lead and recycling of co-products, procurement and sale of mineral products, export of self-produced products of this company, import of raw and auxiliary materials, mechanical equipment, instruments and meters and components required by the production and research of this company, processing business in relation to the products of this company, etc.

Luomu Group Precious Metals Co., Ltd., a wholly-owned subsidiary of the Company, holds 75% of the equity of this company, while Henan Found Mining Co., Ltd. (河南發恩德礦業有限公司) and Luoning Huatai Mining Corp. Ltd. (洛寧華泰礦業開發有限公司) own 15% and 10% of the equity interest of this company, respectively. As of 31 December 2014, the total assets of this company amounted to RMB408.1794 million with net asset of RMB-268.1110 million. Operating revenue of this company for the year 2014 amounted to RMB526.0193 million with operating profit of RMB-180.5728 million and net profit of RMB-228.2373 million. At present, the subsidiary has suspended production for repair and maintenance.

2. *CMOC Mining Pty Limited*

Legal representative:	Li Chaochun
Date of establishment:	25 July 2013
Registered capital and paid-up capital:	US\$346 million
Registered address:	Governor Phillip Tower Level 61, 1 Farrer Place, Sydney, Australia
Major businesses engaged:	Copper and other nonferrous metal ore exploration, mining, processing and sales of related products

CMOC Limited, a wholly-owned subsidiary of the Company, holds 100% of the shares of this company. As of 31 December 2014, the total assets of this Company amounted to RMB6,088.0193 million with net asset of RMB2,674.0096 million. Operating revenue of this company for the year 2014 amounted to RMB2,082.6675 million with operating profit of RMB840.1823 million and net profit of RMB714.3529 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(2) Disposal of subsidiaries

1. In accordance with the equity transfer agreement entered into between the Company and Zijin Mining Group Co., Ltd ("**Zijin Mining**") on 15 April 2014, the Company agreed to transfer 70% equity interest in Kunyu Mining owned by the Company at a consideration of RMB700 million. On 15 April 2014, the Company received the initial transfer payment of RMB450 million from Zijin Mining. Meanwhile, the management appointed by the Company withdrew from the operation of Kunyu Mining. The relevant equity change procedures were completed on 28 May 2014 and the balance of equity transfer was received on 8 July 2014. The difference between the consideration and the net asset value of the equity interest disposed of recorded in the consolidated financial statements amounted to RMB280,896,558.50.
2. In accordance with the equity transfer agreement entered into between the Company and Luoyang Yixin Property Company Limited on 30 May 2014, the Company agreed to transfer 100% equity interest in Luoyang Mudu Hotel Management Co., Ltd. ("**HOTEL MANAGEMENT**") owned by the Company at a consideration of RMB169,132,509.33. The relevant equity change procedures were completed on 30 June 2014 and the management appointed by the Company withdrew from the operation of the HOTEL MANAGEMENT. As at the end of the year, the Company received all the transfer payment. The difference between the consideration and net asset value of the equity interest disposed of recorded in the consolidated financial statements amounted to RMB23,195,718.80.

(3) Subsidiaries newly established

1. In April 2014, the Company established Schmocker (Shanghai) International Trading Co., Ltd. (施莫克(上海)國際貿易有限公司) as a wholly-owned subsidiary with the registered capital of RMB500 million in the free trade area of Shanghai.
2. In May 2014, CMOC Limited, a wholly-owned subsidiary of the Company, established CMOC Mining USA Ltd. as a wholly-owned subsidiary with the registered capital of US\$1 in the USA.
3. In August 2014, Luoyang Mudu International Hotel Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary, Luoyang Mudu Lihao Trading Co., Ltd. with the registered capital of RMB10 million in Luoyang, Henan province.

RESOURCES AND RESERVES

RESOURCES AND RESERVES

As at 31 December 2014, the mineral resources and ore reserves of the Company were as follows:

(I) Summary of molybdenum and tungsten resources and reserves of the Company

1. Summary of molybdenum and tungsten resources and reserves of Sandaozhuang Mine

1) Estimation of mineral resources under JORC Code — (31 December 2014)

Total (million tonnes)	Measured (million tonnes)	Indicated (million tonnes)	Inferred (million tonnes)	Mo %	WO ₃ %
581.05	334.93	242.50	4.06	0.10	0.09

2) Estimation of mineral reserves under JORC Code — (31 December 2014)

Total (million tonnes)	Estimated proven reserves (million tonnes)	Estimated probable reserves (million tonnes)	Mo %	WO ₃ %	Molybdenum metal (‘000 tonnes)	WO ₃ metal (‘000 tonnes)
320.99	232.49	88.50	0.11	0.11	333.37	381.05

Notes: 1. at a 0.03% grade molybdenum cut-off;

2. The molybdenum and tungsten resources of Sandaozhuang Mine were estimated based on the independent technical review report issued by Minarco Asia Pacific Pty Limited appointed by the Company in 2007. The decrease in the molybdenum resources and reserves of the mine was attributable to the commencement of mining, while the data as at the end of the year had been confirmed by our own experts.

2. Summary of molybdenum resources and reserves of Shangfanggou Mine

1) Estimation of mineral resources under JORC Code — (31 December 2014)

Total (million tonnes)	Measured (million tonnes)	Indicated (million tonnes)	Inferred (million tonnes)	Molybdenum %
463	14.59	291.41	156.83	0.139

RESOURCES AND RESERVES

2) Estimation of mineral reserves under JORC Code — (31 December 2014)

Total (0'000 tonnes)	Molybdenum grade %	Measured reserves (0'000 tonnes)	Molybdenum grade %	Probable reserves (0'000 tonnes)	Molybdenum grade %
4,122.38	0.181	356.262	0.243	3,766.12	0.175

- Notes: 1. The molybdenum resources and reserves of Shangfanggou Mine were estimated based on the independent technical report on Shangfanggou Mine issued by Wardrop Engineering Inc appointed by the Company in 2010. The data of such resources and reserves of the molybdenum mine had been confirmed by our own experts. The molybdenum mine did not operate in 2014 and its molybdenum resources and reserves remained the same as those disclosed in the annual report for 2013.
2. The Shangfanggou molybdenum mine is owned by Luoyang Fuchuan, a joint venture of the Company. Its shareholding structure as at the date of this report is as follows: 10% equity interest of which is owned by Luanchuan Fuhai Business and Trading Company Limited* (欒川縣富凱商貿有限公司), its wholly-owned subsidiary and 90% equity interest of which is owned by Xuzhou Huanyu, a joint venture of the Company (the Company holds 50% equity interest of Xuzhou Huanyu and Luoyang Guoyuan Investment Management Consultancy Co., Ltd.* (洛陽國元投資管理諮詢有限公司) holds 50% equity interests in Xuzhou Huanyu).

3. Molybdenum resources and reserves of Xinjiang Mine

1) Estimation of mineral resources reserve under the PRC standards

Mineral reserves (million tonnes)	Molybdenum metal (0'000 tonnes)	Molybdenum metal Average grade (331+111b)		Molybdenum metal Average grade (332+122b)		Molybdenum metal Average grade (333)		Average grade (%)
		(%)	(0'000 tonnes)	(%)	(0'000 tonnes)	(%)	(0'000 tonnes)	
441	50.8	0.115	12.94	0.134	8.34	0.128	29.53	0.106

2) Estimation of mineral reserve under the PRC standards

Mineral reserves (million tonnes)	Molybdenum metal (0'000 tonnes)	Average grade (%)	Molybdenum metal (111b) (0'000 tonnes)	Average grade (%)	Molybdenum metal (122b) (0'000 tonnes)	Average grade (%)
141.58	19.98	0.141	12.23	0.142	7.75	0.139

- Note: The molybdenum ore resources and reserves at the Xinjiang Mine were estimated based on the Opinions on the Examination of Mineral Resources and Reserves in the Molybdenum Exploration Report in East Gobi, Hami, Xinjiang* (《〈新疆哈密市東戈壁鉬礦勘探報告〉礦產資源儲量評審意見書》) (Xin Guo Tu Zi Chu Ping [2011] No. 016) issued by Xinjiang Uygur Autonomous Region Mineral Resources Evaluation Center (新疆維吾爾自治區礦產資源儲量評審中心) in January 2011. The data of such resources and reserves of the molybdenum mine had been confirmed by our own experts in compliance with the PRC Resources/Reserves Category (1999).

RESOURCES AND RESERVES

(II) Summary of copper, gold and silver resources and ore reserves of NPM of the Company

1) Copper, gold and silver mineral resources under the JORC Code

	Measured resources As at 31 December 2014				Indicated resources As at 31 December 2014				Inferred resources As at 31 December 2014				Total resources As at 31 December 2014				Total metal		
	Tonnage (million tonnes)	Cu grade (%)	Au grade (g/t)	Ag grade (g/t)	Tonnage (million tonnes)	Cu grade (%)	Au grade (g/t)	Ag grade (g/t)	Tonnage (million tonnes)	Cu grade (%)	Au grade (g/t)	Ag grade (g/t)	Tonnage (million tonnes)	Cu grade (%)	Au grade (g/t)	Ag grade (g/t)	Cu (million tonnes)	Au (million Oz)	Ag (million Oz)
Total volume from NPM	32.06	0.65	0.24	2.04	324.75	0.56	0.19	1.79	126.56	0.56	0.17	1.69	483.37	0.56	0.18	1.78	2.71	2.87	27.62

2) Copper, gold and silver ore reserves under the JORC Code

	Estimated proven Reserves As at 31 December 2014				Estimated probable reserves As at 31 December 2014				Total ore reserves As at 31 December 2014				Total metal		
	Tonnage (million tonnes)	Cu grade (%)	Au grade (g/t)	Ag grade (g/t)	Tonnage (million tonnes)	Cu grade (%)	Au grade (g/t)	Ag grade (g/t)	Tonnage (million tonnes)	Cu grade (%)	Au grade (g/t)	Ag grade (g/t)	Cu (million tonnes)	Au (million Oz)	Ag (million Oz)
Total metal	8.22	0.40	0.24	2.19	98.26	0.63	0.26	2.29	106.47	0.61	0.26	2.28	0.65	0.90	7.82

Notes: 1. NPM mineral resources and ore reserves as at 31 December 2014 were calculated by the NPM technical team based on the experiences and knowledge in the operation of NPM, and had been confirmed by the qualified experts on the NPM mines.

2. Mineral resources and reserves in the above table are 100% of the mineral resources and reserves of the NPM.

II. EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES

(I) Exploration

During the year, the Company had exploration projects only in NPM. Details of the works are as follows:

As an important drive for the developing strategies of the NPM, the Company highly values and actively promotes the exploration works. Planned exploration of 9,505 metres in 2014 with 7,748.5 metres actually completed. Details of the situation are: 1. reverse circulation (RC): planned to complete 5,800 metres and actually completed 3,939 metres. In particular, exploration right No. 5800 was planned to complete 1,150 metres and actually completed 1,088 metres; exploration right No. 5801 was planned to complete 3,450 metres and actually completed 1,501 metres; exploration right No. 5323 was planned to complete 1,200 metres and actually completed 1,350 metres. 2. diamond core drilling (DD): planned to complete 3,705 metres and actually completed 3,809.5 metres. In particular, exploration right No. 5801 was planned to complete 1,740 metres and actually completed 1,187.7 metres; exploration right No. 5323 was planned to complete 1,965 metres and actually completed 2,621.8 metres.

Exploration results: 6,260 samples were provided and 4,764 examination reports were received.

RESOURCES AND RESERVES

(II) Development

1. Sandaozhuang Mine

During the year, the Company did not have any significant development in Sandaozhuang Mine.

2. Shangfanggou Mine

During the year, the Company did not have any significant development in Shangfanggou Mine.

3. Xinjiang Mine

During the year, the Company did not have any significant development in Xinjiang Mine.

4. NPM Copper Mine

The Company expanded the production project in mining area E48. Three mining routes and 60 mining spots would be added after the construction had completed. The useful life of the mine was extended by one year and nine months. The project has commenced construction since 2013 and it was expected to complete and commence production at the end of March 2015. The progress of the project is currently in line with the expectation. The development costs in 2014 amounted to US\$17,622,400.

(III) Mining

	2014
Sandaozhuang molybdenum mine	
Production volume of open-pit mining (<i>kilotonnes</i>)	17,642.77
NPM copper mine	
Production volume of underground mining (<i>kilotonnes</i>)	6,095.43

- Remarks:
1. The mining production volume of molybdenum of Sandaozhuang Mine and the mining production volume of NPM copper mine were calculated on basis of the statistics prepared by the Company and had been confirmed by our own experts.
 2. During the year, no mining activities were conducted in Xinjiang Mine and Shangfanggou Mine.

III. EXPLORATION, DEVELOPMENT AND MINING FEES OF THE COMPANY

For the year ended 31 December 2014, the summary of the expenditures of exploration, development and mining activities of the Company are as follows:

- (i) Exploration fees: NPM exploration fees in 2014 amounted to US\$2,794,698, which was mainly used in the exploration of diamond core drilling, reverse circulation and superficial drill exploration and field and examination works.
- (ii) Development fees: the development fees of NPM amounted to US\$17,622,400.
- (iii) Mining fees: 1) The mining fees of Sandaozhuang Mine amounted to RMB577,320,000; 2) the NPM mining fees amounted to US\$28,933,046.

(Note: the above fees exclude the fees of ore processing)

A. MATERIAL EVENTS

1. Change of the de facto Controller

On 12 January 2014, the Company received the Letter of Notification of the Change in the Controlling Right of China Molybdenum Co., Ltd. (《關於洛陽樂川鉬業集團股份有限公司控制權變更的通知函》) from its shareholders Cathay Fortune Corporation (“CFC”) and Luoyang Mining Group Co., Ltd. (“LMG”) respectively. Upon completion of the increase in shareholding of H shares of the Company by CFC in the secondary market through Cathay Fortune Investment Limited (“Cathay Hong Kong”), its wholly-owned subsidiary in Hong Kong (for details, please refer to Announcement on Completion of Increase in Shareholding of Shareholder (《關於股東增持計劃實施完成的公告》) of the Company published on 6 January 2014), CFC and its parties acting in concert hold 1,827,706,322 shares of the Company in aggregate, representing approximately 36.01% of the total share capital of the Company. Such shareholding has already exceeded that of LMG which holds 1,776,593,475 shares of the Company, representing approximately 35.00% of the total share capital of the Company. Hence, CFC became the largest shareholder of the Company. CFC and LMG, being shareholders of the Company, communicated with each other in respect of the change in the controlling right of the Company. CFC expressed its intention of having a controlling right of the Company while LMG confirmed that it no longer has a controlling right of the Company and has no intention to increase its shareholding of the Company so as to obtain the controlling right. Hence, the de facto controller of the Company (as defined in the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange) had changed. (For details, please refer to the announcement of the Company dated 13 January 2014)

2. Transfer of 70% equity shares of Kunyu Mining

On 15 April 2014, the Proposal in Relation to Transfer of 70% Equity Interest in Luoyang Kunyu Mining Co., Ltd. (《關於轉讓洛陽坤宇礦業有限公司70%股權的議案》) was considered and approved in the thirteenth extraordinary meeting of the third session of the Board, pursuant to which, the Company agreed to dispose of its 70% equity interest in Kunyu Mining to Zijin Mining with the consideration of RMB700,000,000. On 28 May 2014, the registration procedures of the business license in relation to the equity transfer were completed. (For details, please refer to the announcements of the Company dated 15 April 2014 and 29 May 2014 respectively)

3. Successful Issuance of A Share Convertible Bonds of the Company

As approved by the approval (Zheng Jian Xu Ke [2014] No. 1246) from CSRC, the Company issued A share convertible bonds of RMB4.9 billion on 2 December 2014. As agreed by the Self-regulation Decision [2014] No. 681 of the SSE, CMOC’s A shares convertible bonds of RMB4.9 billion were listed on the SSE commencing from 16 December 2014. Such public issuance of A share convertible bonds raised proceeds of RMB4,900,000,000. After deducting the issuance fees of RMB56,452,000, the net proceeds raised were RMB4,843,548,000. (For details, please refer to the announcements of the Company dated 25 October 2014, 28 November 2014, 29 November 2014, 2 December 2014, 5 December 2014, 8 December 2014 and 12 December 2014 respectively)

4. Passing through the review of High and New Technology enterprises

In 2012, the Company was recognized as a High and New Technology Enterprise for a term of three years. Pursuant to relevant tax requirements in respect of the High and New Technology Enterprises in the PRC, the Company enjoyed preferential tax policy in relation to High and New Technology Enterprises during the period between 2011 and 2013 and paid the enterprise income tax at the rate of 15%. The Company applied for the review of High and New Technology Enterprise in 2014 and has passed the review of High and New Technology Enterprise. Upon passing the review of High and New Technology Enterprise, the Company will continue to enjoy preferential tax policy of the state in relation to High and New Technology Enterprises for three consecutive years commencing from 2014, and will pay the enterprise income tax at the preferential rate of 15%. Such preferential tax policy has no impact on the operating results of the Company for the year 2014. (For details, please refer to the announcement of the Company dated 25 February 2015)

MATERIAL EVENTS

B. HONOURS

1. The Company was honoured as the “Advanced Body of China’s Nonferrous Metals Industry”

In February 2014, the Company was honoured as the “Advanced Body of China’s Nonferrous Metals Industry” (「全國有色金屬行業先進集體」) granted by the Ministry of Human Resources and Social Security of the People’s Republic of China and China Non-Ferrous Metals Industry Association.

2. The Company was honoured as the “Advanced Unit for Social Poverty Alleviation”

In May 2014, the Company was honoured as the Advanced Unit for Social Poverty Alleviation (「社會扶貧先進單位」) granted by the People’s Government of Henan Province.

3. The Company was honoured as the honorary title of the “Ten Most Respectable Enterprise of Central China for 2014”

In December 2014, the Company was recognized and honoured the honorary title of the “Ten Most Respectable Enterprise of Central China for 2014” (「2014中原十大最受尊敬企業」) by Henan Daily Newspaper Group and Dahe Daily.

C. DOMESTIC INDUSTRY POLICIES

Export Quota

Ministry of Commerce of the PRC promulgated two notifications on the export quota (first batch and second batch for 2014) of ordinary trading industrial commodities on 13 December 2013 and 8 July 2014 respectively. Under the notifications, the Company was entitled to export 1,107 tonnes and 461 tonnes of primary molybdenum products (molybdenum oxides and ferromolybdenum), 428 tonnes and 181 tonnes of molybdenum chemical products and 172 tonnes and 66 tonnes of molybdenum products respectively. Luoyang High Tech Molybdenum & Tungsten Materials Co., Ltd. (“**Luoyang High Tech**”), a joint venture of the Company, was entitled to export 290 tonnes and 112 tonnes of molybdenum products.

Starting from 2015, China no longer promulgates any notifications on the export quota of molybdenum and tungsten products.

CORPORATE GOVERNANCE REPORT

The Board hereby presents this Corporate Governance Report in the Group's annual report for the year ended 31 December 2014.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Group has strived to uphold high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company has applied the principles and code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

In the opinion of the Directors, the Company has complied with the code provisions set out in the Corporate Governance Code throughout the period from 1 January 2014 to 31 December 2014, save as the deviation from the code provision E.1.2 of the Corporate Governance Code.

Pursuant to the code provision E.1.2, the chairman of the Board should invite the chairmen of its Board committees to attend the annual general meeting. In their absence, the chairman of the Board should invite another committee member (or failing this his duly appointed delegate), to attend. All members of the audit committee were unable to attend the annual general meeting of the Company held on 9 May 2014 due to other business arrangements. Chairmen or members of remuneration committee, nomination committee, strategic committee and supervisory committee and chief financial officer attended such annual general meeting. The Company considered that their attendance was sufficient for (i) answering the questions raised by the shareholders who attended the annual general meeting and (ii) effectively communicating with shareholders who attended the annual general meeting. The Company will optimize the planning and procedures of annual general meetings, give adequate time to all Directors to accommodate their work arrangement and provide all necessary support for their presence and participation in annual general meetings such that all Directors will be able to attend future annual general meetings of the Company.

The Company reviews its corporate governance practices regularly to ensure compliance with the Corporate Governance Code.

THE BOARD

During the year ended 31 December 2014, the Board held 19 Board meetings in total for reviewing and approving the financial affairs and usual course of business, considering and approving the annual budgets and the overall strategies and policies of the Company, and considering and approving relevant matters in relation to the issuance of A Share Convertible Corporate Bonds of the Company.

RESPONSIBILITIES

The Board is responsible for the leadership and control of the Group and oversees the Group's businesses, strategic decisions and performances. The Group's senior management is delegated the authority and responsibilities by the Board to manage the day-to-day management and operations of the Group. In addition, the Board has also established Board committees and has delegated to these Board committees various responsibilities (including corporate governance functions) set out in their terms of reference respectively.

Every Director carries out his/her duty in good faith and in compliance with the standards of applicable laws and regulations, and acts in the interests of the Company and its shareholders at all times.

The Company has arranged appropriate insurance which covers legal litigation arising from corporate activities against its Directors and senior management.

CORPORATE GOVERNANCE REPORT

BOARD COMPOSITION

The Board currently comprises eleven members, including five executive Directors, two non-executive Directors and four independent non-executive Directors.

The list of all Directors is set out under “Corporate Information” on page 60 and the independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

The Board of the Company comprises the following Directors:

Existing Executive Directors

Li Chaochun, Chairman (appointed as the Chairman of the Company on 14 January 2014)
Li Faben, General Manager (also the chief executive within the meaning of the Corporate Governance Code)
Wang Qinxi
Gu Meifeng
Wu Wenjun (resigned as the Chairman of the Company on 14 January 2014)

Existing Non-Executive Directors

Zhang Yufeng
Yuan Honglin

Existing Independent Non-Executive Directors

Bai Yanchun
Xu Shan
Cheng Gordon
Xu Xu (tendered his resignation on 7 February 2014 but continues to perform his duties until the formal appointment of his replacement)

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. There is no relationship among members of the Board (including financial, business, family or other material or relevant relationship).

During the year ended 31 December 2014, the Board, at all times, met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing at least one-third of the Board with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received an annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules.

Non-executive Directors (including independent non-executive Directors) bring a wide range of business and financial expertise, experience and independent judgment to the Board. Through active participation in Board meetings or meetings of Board committees, supervising management issues involving potential conflict of interests and serving on Board committees, all non-executive Directors (including independent non-executive Directors) make various contributions towards the direction of the Company.

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND GENERAL MANAGER

The roles and duties of the Chairman and the General Manager are carried out by different individuals and their respective responsibilities have been clearly defined in writing.

The existing Chairman, Mr. Li Chaochun, provides leadership for the Board and is also responsible for chairing the meetings, leading the operations of the Board and ensuring that all major and appropriate issues are discussed by the Board in a timely and constructive manner.

The existing General Manager, Mr. Li Faben is responsible for running the Company's business operations and implementing the Group's strategic plans and business goals.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association (the "**Articles of Association**"), all Directors of the Company are subject to retirement by rotation at least once every three years and any new Director appointed by the Board to fill a casual vacancy or as an addition to the Board shall submit himself/herself for election by shareholders at the first general meeting after appointment.

Each of the Directors of the Company is appointed for a term commencing from the date on which the resolution regarding his/her appointment/re-election was passed until the conclusion of the annual general meeting of the Company to be held in 2015, and will retire at this annual general meeting. Amongst the retiring Directors of the current session of the Board, Mr. Li Chaochun, Mr. Li Faben, Mr. Yuan Honglin, Mr. Bai Yanchun, Mr. Xu Shan and Mr. Cheng Gordon are eligible and will offer themselves for re-election at the 2015 annual general meeting, while the remaining Directors will not offer themselves for re-election at this annual general meeting. In addition, the Board has nominated Mr. Ma Hui and Mr. Cheng Yunlei respectively as the candidates of non-executive Directors to be elected by the shareholders at the 2015 annual general meeting. The Board will propose a special resolution at the 2015 annual general meeting regarding the proposed amendment to the Articles of Association, recommending the number of the Board members be fixed at 7 to 11 so as to guarantee that the number and composition of the Board of the Company are in compliance with the requirements under the Company Law and the Listing Rules.

The nomination committee and the Board selected candidates of Directors with reference to major shareholders' recommendations and certain criteria and procedures. The relevant criteria mainly include the candidate's professional background, especially his or her experience in the industry where the Group establishes its presence, his or her financial and past track record with other similar companies and the recommendations from management and other knowledgeable individuals. The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles of Association. The nomination committee of the Company is responsible for reviewing the Board composition, monitoring the appointment, nomination and succession plan of Directors and assessing the independence of independent non-executive Directors.

INDUCTION AND CONTINUING DEVELOPMENT FOR DIRECTORS

Each newly appointed Director receives a comprehensive, formal and tailored induction on the first occasion of his/her appointment so as to ensure that he/she has an appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The Directors are regularly updated with legal and regulatory developments as well as business and market changes to facilitate the discharge of their responsibilities. Briefings and continual professional development schemes for Directors will be arranged whenever necessary.

The Company encourages all Directors to participate in continuous professional development to develop and refresh their knowledge and skills in order to ensure that their contribution to the Board remains informed and relevant. During the year ended 31 December 2014, all the Directors attended the training courses organized by the Company on corporate governance and regulatory development, and obtained and read relevant materials presented to them by the Office of the Board of the Company, including updates of laws and regulations. Upon the issuance of A Share Convertible Corporate Bonds of the Company, all Directors had participated in the training courses in relation to the follow-up compliance and regulatory requirements of convertible corporate bonds prepared by China Merchants Securities Co., Ltd..

CORPORATE GOVERNANCE REPORT

BOARD MEETINGS

Practices and Conduct of Board Meetings

Meeting schedules and draft agendas for each meeting are normally made available to Directors in advance.

Notices of regular Board meetings are served to all Directors at least 14 days before the meetings. For other Board and committee meetings, notice is generally given pursuant to the Articles of Association and the respective Terms of Reference and Operation Rules of the committees.

The agenda of Board meeting and the accompanying Board papers are sent to all Directors at least three days before each Board meeting or committee meeting for their review and to keep the Directors apprised of the latest developments and financial position of the Company so as to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary for inquiries or additional information.

The senior management will attend all regular Board meetings and when necessary, other Board and committee meetings to advise on business developments, operation, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company.

The Articles of Association contains provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions where such Directors or any of their associates have a material interest.

DIRECTORS' ATTENDANCE RECORDS

The attendance records of each Director at the meetings of the Board, remuneration committee, audit committee, nomination committee and the general meetings during the year ended 31 December 2014 are set out below:

Name of Directors	Number of Attendance in person/Number of Meetings						Extraordinary and Class General Meeting ⁽⁴⁾
	Board Meeting	Remuneration Committee Meeting	Audit Committee Meeting	Nomination Committee Meeting	Strategic Committee Meeting	Annual General Meeting ⁽³⁾	
Mr. Li Chaochun	19/19	N/A	N/A	1/1	3/3	1/1	3/3
Mr. Li Faben	19/19	N/A	N/A	N/A	3/3	1/1	3/3
Mr. Wang Qinxi	19/19	N/A	N/A	N/A	N/A	1/1	3/3
Ms. Gu Meifeng	19/19	N/A	N/A	N/A	N/A	1/1	0/3
Mr. Wu Wenjun ⁽¹⁾	19/19	N/A	N/A	N/A	1/1	0/1	0/3
Mr. Zhang Yufeng	17/19	N/A	4/4	N/A	N/A	0/1	0/3
Mr. Yuan Honglin	19/19	3/3	N/A	N/A	N/A	1/1	3/3
Mr. Bai Yanchun	19/19	3/3	N/A	1/1	3/3	1/1	0/3
Mr. Xu Shan	19/19	N/A	4/4	1/1	N/A	0/1	0/3
Mr. Cheng Gordon	18/19	N/A	3/4	1/1	N/A	0/1	3/3
Mr. Xu Xu ⁽²⁾	19/19	3/3	N/A	1/1	3/3	1/1	0/3

Notes:

- (1) Resigned as a member of nomination committee and the Chairman of strategic committee on 14 January 2014. No nomination committee meeting was held before his resignation.
- (2) Tendered his resignation on 7 February 2014 but continues to perform his duties until the conclusion of the forthcoming annual general meeting.
- (3) The annual general meeting was held on 9 May 2014.
- (4) During the year ended 31 December 2014, the Company convened an extraordinary general meeting, a class meeting of A Shareholders and a class meeting of H Shareholders on 19 September 2014.

CORPORATE GOVERNANCE REPORT

JOINT COMPANY SECRETARIES

During the year ended 31 December 2014, Mr. Zhang Xinhui, the Board secretary, acts jointly with Ms. Ho Siu Pik as joint company secretaries of the Company. Mr. Zhang Xinhui reports to the Company's existing Chairman, Mr. Li Chaochun and former Chairman, Mr. Wu Wenjun (resigned on 14 January 2014). Ms. Ho of Tricor Services Limited is an external service provider, her primary contact person in the Company is Mr. Zhang Xinhui.

The two joint company secretaries have confirmed that they have undertaken no less than 15 hours of relevant professional training during the year.

SECURITIES TRANSACTIONS MADE BY DIRECTORS AND EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Specific enquiry has been made on all Directors and they have confirmed that the required standards set out in the Model Code have been complied with throughout the year ended 31 December 2014. The Company has also formulated written guidelines equally stringent as the Model Code (the "Employees Written Guidelines") for securities transactions by employees of the Company who are likely to be in possession of unpublished inside information of the Company. No incident of non-compliance against the Employees Written Guidelines by the employees has been noted by the Company after making reasonable enquiry.

DELEGATION BY THE BOARD

The Board reserves its decisions for all major matters of the Company, including: the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the company secretaries, with a view to ensuring that Board procedures and all applicable rules and regulations are complied with. In appropriate circumstances, Directors may seek independent professional advice relating to such queries at the Company's expense upon making such request to the Board.

The day-to-day management, administration and operations of the Company are delegated to the General Manager and the senior management. The delegated functions and work tasks are reviewed periodically. Prior to any significant transactions to be entered into by the abovementioned officers, approvals have to be obtained from the Board.

The Board has established a number of committees, including the remuneration committee, audit committee, nomination committee and strategic committee for overseeing particular aspects of the Company's affairs. All Board committees of the Company were established with defined written terms of reference. Board committees are provided with sufficient resources to perform their duties. Upon reasonable requests, Board committees may seek independent professional advice in appropriate circumstances at the expense of the Company.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has established a formal and transparent procedure for formulating policies regarding remuneration of Directors and senior management of the Group. Details of the remuneration of each of the Directors and senior management of the Company for the year ended 31 December 2014 are set out in note (X)7 to the consolidated financial statements.

CORPORATE GOVERNANCE REPORT

DISCLOSURES OF DIRECTORS' AND SUPERVISORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Supervisor's Position Held

- On 19 January 2015, Mr. Deng Jiaoyun resigned as the staff representative supervisor of the Company. Ms. Wang Zhengyan was elected as the staff representative supervisor of the Company in the staff representatives general meeting convened on the same day (please refer to the announcement of the Company dated 19 January 2015 for details).

Positions Held with Other Members of the Group

- Mr. Li Chaochun was appointed as the director of Schmocker (Shanghai) International Trading Co., Ltd. and CMOC Mining USA Ltd. respectively, both are wholly-owned subsidiaries of the Company.
- Mr. Wang Qinxin was appointed as the supervisor of Schmocker (Shanghai) International Trading Co., Ltd., a wholly-owned subsidiary of the Company.

Save as disclosed above, as at 31 December 2014, there is no other change to the Directors' and supervisors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REMUNERATION COMMITTEE

The Company has established a remuneration committee and set out its specific terms of reference. As at the date of this report, the remuneration committee comprises two independent non-executive Directors, namely Mr. Bai Yanchun and Mr. Xu Xu (who tendered his resignation as a committee member in 2014 but continues to perform his duties until the conclusion of the forthcoming annual general meeting), and one non-executive Director, namely Mr. Yuan Honglin, with Mr. Bai Yanchun as the chairman. The majority of committee members of the remuneration committee are independent non-executive Directors.

The roles and functions of the remuneration committee are set out in its terms of reference. Its primary functions include: to make recommendations to the Board on the remuneration policy and structure for all Directors and the senior management of the Company and on the establishment of a transparent procedure for developing such remuneration policy; to make recommendations to the Board on the remuneration packages of individual executive and non-executive Directors and senior management; and to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The primary goal of the remuneration policy on executive Directors' packages is to enable the Company to retain and motivate executive Directors by linking their compensation with performance and measured against corporate objectives. The remuneration policy of the Company for non-executive Directors is to ensure that they are sufficiently compensated for their efforts and time dedicated to the Company. In determining guidelines for each element of the remuneration package, the Company refers to the remuneration surveys conducted by independent external consultants on companies operating in similar businesses.

In order to motivate the senior management of the Company in a scientific and reasonable way so that they can maximize the value for the shareholders and the Company, the remuneration committee has taken into account the market-oriented principles including the determination of remuneration based on the performance, responsibilities, faults and attitude, the enhancement of rewards and punishment, the comparison with similar overseas and domestic listed companies in the industry, and consideration of granting special awards regarding the special projects and contributions, and proposed to refer to the advice from the professional intermediaries.

The remuneration committee held three meetings during the year ended 31 December 2014, and the matters considered therein included proposed adjustment of remuneration of certain Directors, proposed to determine remuneration of senior management as well as rewards of operation given to Directors and senior management. The attendance records are set out under "Directors' Attendance Records" on page 36.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The written terms of reference of the audit committee are based primarily on “A Guide for Effective Audit Committees” issued by the Hong Kong Institute of Certified Public Accountants.

The audit committee provides an important link between the Board and the Company's auditors in matters falling within the Group's scope of the audit.

The audit committee reviewed the effectiveness of the external audit and of internal controls, evaluated risks, and provided comments and advice to the Board. As at the date of this report, the audit committee comprises two independent non-executive Directors of the Company, namely Mr. Xu Shan and Mr. Cheng Gordon, and one non-executive Director, namely Mr. Zhang Yufeng, with Mr. Xu Shan as the chairman of the committee. The audit committee has reviewed with management and external auditors, the audited consolidated results of the Group for the year ended 31 December 2014, including the accounting principles and practices adopted by the Group, and discussed auditing, internal controls and financial reporting matters.

The main duties of the audit committee are set out in its terms of reference, including the following:

- To review the consolidated financial statements and reports and consider any significant or unusual items raised by the qualified accountant or external auditors submitted to the Board;
- To be acquainted with the work performed by the external auditor, their fees and terms of engagement, in order to review the relationship between the Company and the external auditor, and to make recommendations to the Board on the appointment, re-appointment and removal of external auditors;
- To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures;
- To review the drafts of annual report, including reports submitted by the general manager and the management;
- To supervise Directors to ensure that they perform annual review in respect of adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, the training programmes of the staff and the budget;
- To review the audit activities with external auditors and internal auditors, the internal auditor shall specify the important issues and results which the committee shall know or pay attention to. To prepare such review, the internal auditor will provide internal audit reports or report summaries of the Group to members of the committee through the secretary of the committee when necessary. Report on the activities of the committee in each financial year will also be submitted to the Board;
- To communicate with executive Directors, other executives or employees, external auditors and internal auditors without any restrictions. External auditors and internal auditors are entitled to consult the committee without notifying the management. The committee is also entitled to consult the external auditors and internal auditors without notifying the management or to consult the management without notifying the external auditors and internal auditors;
- To review arrangements for employees to raise concerns about possible improprieties in financial reporting; and
- To perform corporate governance functions set out in the code provision D.3.1 of the Corporate Governance Code.

The audit committee supervises the internal control system of the Company, reports to the Board on any material issues and makes recommendations to the Board.

During the year ended 31 December 2014, the audit committee reviewed the annual results for the year ended 31 December 2013, the first quarter results for the three months ended 31 March 2014, the interim results for the six months ended 30 June 2014 and the third quarter results for the nine months ended 30 September 2014. The audit committee also considered the financial reporting and compliance procedures, the report from the management on the review and processes of Company's internal control and risk management systems and the re-appointment of the external auditors. In addition, the audit committee actively performed corporate governance functions, and reviewed the content under the code provision D.3.1 of the Corporate Governance Code.

CORPORATE GOVERNANCE REPORT

The audit committee held four meetings during the year ended 31 December 2014 and the attendance records are set out under "Directors' Attendance Records" on page 36. During the year ended 31 December 2014, the audit committee also met the external auditors twice without the presence of the executive Directors.

NOMINATION COMMITTEE

The role and function of the nomination committee are set out in its terms of reference, and it is mainly responsible for advising the Board as to the scale, structure, and composition (including skills, knowledge, experience and terms of office) of the Board in light of the business activities, size of assets, shareholding structure and the policy on Board diversity of the Company, researching on the criteria and procedures for the selection or appointment of Directors, the general manager and other senior management members and making recommendations to the Board. It is also responsible for extensively seeking suitable candidates for Directors and general manager and making recommendations to the Board, advising the current session of the Board as to the candidates for the next session of the Board during elections of members for the next session of the Board, advising the Board as to the appointment of candidates electing for general manager upon expiry of the term of office of the general manager, evaluating the work progress of Directors, the general manager and other senior management members and providing advice or recommendations on the change of Directors, the general manager or other senior management members with reference to the results of evaluation as and when necessary, and assessing the independence of independent non-executive Directors.

The nomination committee held one meeting during the year ended 31 December 2014, considering and approving the resolutions, among other things, of the recommendation of Mr. Li Chaochun as the Chairman in the third session of the Board of the Company and the proposal of nominating Mr. Jiang Zhongqiang as the candidate of deputy general manager of the Company. The attendance records are set out under "Directors' Attendance Records" on page 36.

The Company adopted a policy on board diversity. All appointments to the Board will be made on a merit basis.

The nomination committee reviews and evaluates the composition of the Board, makes recommendations to the Board in relation to the appointment of new directors of the Company, as well as monitors the conduct of annual review on the effectiveness of the Board. When reviewing and evaluating the composition of the Board, the nomination committee will follow the board diversity policy to consider from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, in order for the Board to maintain appropriate and balanced talent, skill, experience and background. In recommending candidates for appointment to the Board, the nomination committee will consider candidates on merit against objective criteria and with due regard for the benefit of diversity in the Board. In monitoring the effectiveness of the annual review of the Board, the nomination committee will consider the balance of talents, skills, experience, independence and knowledge on the Board and its diversity representation.

The nomination committee will discuss and agree annually all measurable objectives for implementing diversity on the Board and recommend them to the Board.

For the year ended 31 December 2014, the nomination committee had evaluated and reviewed the effectiveness of the Board and no material matter was identified by the nomination committee during the period under review.

The nomination committee comprises the following five directors (Mr. Wu Wenjun, an executive Director, resigned as a member of nomination committee on 14 January 2014): Mr. Bai Yanchun (independent non-executive Director), Mr. Li Chaochun (executive Director), Mr. Xu Shan (independent non-executive Director), Mr. Cheng Gordon (independent non-executive Director) and Mr. Xu Xu (who tendered his resignation as a committee member in 2014 but continues to perform his duties until the conclusion of the forthcoming annual general meeting), with Mr. Bai Yanchun as the chairman and Mr. Li Chaochun as vice chairman of the nomination committee.

STRATEGIC COMMITTEE

The strategic committee is responsible for formulating the overall development plans and investment decision-making procedures of the Group. The existing members of strategic committee comprises two executive Directors (Mr. Wu Wenjun, an executive Director, had resigned from the position of the chairman of the strategic committee on 14 January 2014), namely Mr. Li Chaochun and Mr. Li Faben, and two independent non-executive Directors, namely Mr. Bai Yanchun and Mr. Xu Xu (who tendered his resignation as a committee member in 2014 but continues to perform his duties until the conclusion of the forthcoming annual general meeting), with Mr. Li Chaochun as the chairman of the committee (approved by the twelfth extraordinary meeting of the third session of the Board held on 14 January 2014). During the year ended 31 December 2014, the strategic committee held three meetings. The attendance records are set out under "Directors' Attendance Records" on page 36.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTIONS

The audit committee is responsible for performing the functions of corporate governance.

As at the date of this report, the audit committee has reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Written Employee Guidelines, and the Company's compliance with the Corporate Governance Code and disclosure in this Corporate Governance Report.

SUPERVISORY COMMITTEE

During the reporting period, the supervisory committee of the Company comprises three members, namely Mr. Zhang Zhenhao (chairman), Mr. Yin Dongfang and Mr. Deng Jiaoyun. The supervisory committee is responsible for exercising supervision over the Board and its members and the senior management; and preventing them from abusing their power and authorities and jeopardising the legal interests of the shareholders, the Company and its employees. During the year ended 31 December 2014, the supervisory committee held seven meetings to review the financial positions and the internal control of the Company and adhered to the principle of good faith and proactively carried out various work.

The terms of office of supervisors of the Company (including staff representative supervisor) commence from the date on which the resolutions in relation to their re-election were passed until the conclusion of the annual general meeting of the Company to be convened in 2015 and are subject to retirement by rotation.

Pursuant to the Articles of Association, all supervisors of the Company shall retire from office by rotation at least once every three years. The shareholder representative shall be elected at general meetings, and the staff representative shall be elected democratically by the employees of the Company. On 19 January 2015, Mr. Deng Jiaoyun, the staff representative supervisor of the Company, resigned as the staff representative supervisor and Ms. Wang Zhengyan was elected as the staff representative supervisor of the Company at the staff representatives general meeting held on the same day. The fourth session of the supervisory committee of the Company will be jointly formed by Ms. Wang Zhengyan together with two shareholder representative supervisors to be elected at the annual general meeting of the Company to be held in 2015. The Board has nominated to re-elect Mr. Zhang Zhenhao and elect Ms. Kou Youmin as candidates of the shareholder representative supervisors to be elected by the shareholders at the 2015 annual general meeting.

ACCOUNTABILITY AND AUDIT

Directors' Responsibilities for Financial Reporting in Respect of Financial Statements

The Directors acknowledged their responsibilities for preparing the consolidated financial statements of the Company for the year ended 31 December 2014.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The senior management provides explanations and information to the Board for approval so as to enable the Board to make an informed assessment and to consider and approve the financial information and position of the Company.

The statement of the independent auditors of the Company about their reporting responsibilities on the consolidated financial statements is set out in the "Audit Report" on page 62.

CORPORATE GOVERNANCE REPORT

INTERNAL CONTROL

The Board has overall responsibility for maintaining the soundness and effectiveness of the internal control system and risk management procedures of the Group, including setting up a management structure and its terms of reference to ensure efficient and effective use of the Group's resources to assist the Group in achieving its operation objectives, safeguarding the Group's assets against any unauthorized use or disposal and ensuring an appropriate maintenance of relevant records.

The internal control system of the Group is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group. The internal control system established by the Group for the purposes of risk management and control, together with internal audit and findings in the operation and management, and with reference to audit findings by external auditors, can be used to comprehensively recognize, evaluate and supervise material risks that the Group faces, including operation and decision-making risk, financial management and control risk and the risks resulted from the changes of operating environment. The internal auditors and senior management shall evaluate operational controls and risk management on a regular basis and report to the audit committee on any findings concerning internal controls and risk management. The audit committee supervised the implementation of various rectification measures, and the rectification work was in line with expectations after subsequent tracking and checking.

During the year ended 31 December 2014, the Board has conducted a review of the effectiveness of the internal control system of the Company, including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget. The Board has not identified any major issues during their course of review.

AUDITORS' REMUNERATION

During the year ended 31 December 2014, the remuneration paid to the auditors of the Company, Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) are set out below:

Category of services	Fee paid/payable RMB'000
Annual audit service	2,300
Internal control audit	980

Note: To avoid ambiguity, the auditors' remuneration stated above represents the remuneration paid to Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) providing annual auditing service to the Company only. Fees paid to other accounting services firms by the Group are not included.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTOR RELATIONS

The general meetings of the Company provide a forum for communication between the Board and the shareholders. The Chairman as well as chairmen of the audit committee, remuneration committee, nomination committee and strategic committee shall attend the forthcoming annual general meeting to answer questions of the shareholders.

The forthcoming annual general meeting of the Company will be held on 26 June 2015 ("AGM"), and the notice of AGM will be published and dispatched to the shareholders of the Company in accordance with the requirements of the Listing Rules and the Articles of Association.

During the year under review, the Company has amended its Articles of Association, including (among other things) amendments to the terms of the dividend distribution policy to satisfy the requirements on dividend policy under "Guideline No.3 for the Supervision and Administration of Listed Companies — Cash Dividends for Listed Companies" (《上市公司監管指引第3號 — 上市公司現金分紅》) published by CSRC and adoption of the cumulative voting system to comply with the "Code of Corporate Governance for Listed Companies" (《上市公司治理準則》). An up-to-date version of the Company's Articles of Association is also available on the Company's website and websites of the Stock Exchange and the SSE.

CORPORATE GOVERNANCE REPORT

The Company is committed to disseminating important information regarding the Group to the public. To facilitate effective communication, the Company set up the website www.chinamolyc.com which sets out the information and updates relating to the Company's business development and operation as well as financial data and other information available for public inspection.

SHAREHOLDERS' RIGHTS

To safeguard the shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue (including the election of individual Directors).

All resolutions put forward at a general meeting will be taken by poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Company, the Stock Exchange and the SSE after the general meeting.

CONVENING AN EXTRAORDINARY GENERAL MEETING BY SHAREHOLDERS

Shareholders either individually or collectively holding more than 10% of the shares of the Company may, through signing one or more copies of requisition(s) in the same form and content stating the topics to be discussed at the meeting, require the Board to convene an extraordinary general meeting or a class meeting. The Board shall, in accordance with the laws, administrative regulations and Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of an extraordinary general meeting within ten days after receiving aforesaid written requisition(s).

In the event that the Board agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within five days after the passing of the relevant resolution of the Board. Any change to the original proposal made in the notice requires prior approval of the shareholders concerned.

In the event that the Board does not agree to convene an extraordinary general meeting or does not furnish any reply within 10 days after receiving such requisition(s), shareholders individually or collectively holding 10% or more of the Company's shares shall be entitled to propose to the supervisory committee to convene the extraordinary general meeting, provided that such proposal shall be made in writing.

In the event that the supervisory committee agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within five days after receiving such proposal. Any changes to the original proposal made in the notice shall require prior approval of the shareholders concerned.

Failure of the supervisory committee to issue the notice of the general meeting within required time frame shall be deemed as failure of the supervisory committee to convene and preside over a general meeting, in which case, shareholders individually or collectively holding 10% or more of the Company's shares for 90 consecutive days or more may convene and preside over the meeting on his/her/their own.

Where the supervisory committee or shareholders decide(s) to convene the general meeting by itself/themselves, it/they shall send out a written notice to the Board, and shall file with the dispatched office of the CSRC at the locality of the Company and the stock exchange. The shareholding of the convening shareholders shall not be lower than 10% prior to the announcement of the resolutions of the general meeting. The supervisory committee or the convening shareholder shall submit relevant evidence to the dispatched office of CSRC at the locality of the Company and the stock exchange upon the issuance of the notice of general meeting and the announcement of the resolutions of the general meeting.

PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

When the Company convenes a general meeting, the Board, supervisory committee or the shareholders either individually or collectively holding 3% or more of the Company's shares may put forward proposals to the Company.

Shareholders either individually or collectively holding 3% or more of the Company's shares may submit their provisional motions to the convener 10 days before the date fixed for convening of the meeting. The convener shall issue a supplementary notice of the general meeting two days after the motions have been received and announce the name of the shareholder submitting the provisional motions, shareholding percentage and the contents of the motions.

CORPORATE GOVERNANCE REPORT

Save for the circumstances referred to in the preceding paragraph, after the convener has issued the notice on the general meeting, no change shall be made to the motions listed in the notice of the meeting nor new motions shall be added.

The general meeting shall not vote on or resolve motions not listed in the notice of the general meeting or motions which do not meet the following requirements:

Content of proposals at the shareholders' general meeting shall be matters falling within the functions and powers of general meeting. It shall have definite topics to discuss and specific matters to resolve and comply with the laws, administrative regulations and the requirements in the Articles of Association.

SHAREHOLDERS' ENQUIRIES

Enquiries about Shareholdings

Shareholders should direct their enquiries about their shareholdings to the office of the Board at the Company's principal place of business in the PRC (for holder of A shares) or at the H share registrar of the Company, Computershare Hong Kong Investor Services Limited (for holder of H shares).

The address and contact details of the Company's principal place of business in the PRC are as follows:

North of Yihe
Huamei Shan Road
Chengdong New District
Luanchuan County
Luoyang City
Henan Province
The People's Republic of China
Telephone No.: (+86) 379 6865 8017
Facsimile No.: (+86) 379 6865 8030

The address and contact details of the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, are as follows:

17M Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong
Telephone No.: (+852) 2862 8555
Facsimile No.: (+852) 2865 0990/(+852) 2529 6087

ENQUIRIES ABOUT CORPORATE GOVERNANCE OR OTHER MATTERS TO BE PUT TO THE BOARD AND THE COMPANY

The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send written enquiries to the Company, for the attention of the office of the Board, by email: cmoc03993@gmail.com, fax: (+86) 379 6865 8030, or mail to North of Yihe, Huamei Shan Road, Chengdong New District, Luanchuan County, Luoyang City, Henan Province, the People's Republic of China (Attention: Mr. Zhang Xinhui). Shareholders may call the Company at (+86) 379 6865 8017 for any assistance.

Note: Shareholders' information may be disclosed as required by law.

REPORT OF THE DIRECTORS

Dear Shareholders,

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

ESTABLISHMENT OF THE COMPANY

The Company was incorporated in the PRC on 25 August 2006 as a joint stock limited company in preparation for the listing of the Company's shares on the Stock Exchange. Details are set out in the H share prospectus of the Company dated 13 April 2007.

On 26 April 2007, the Company completed its initial public offer of H shares and the H shares of the Company were successfully listed on the Stock Exchange.

On 24 September 2012, the Company completed its initial public offering of A shares. On 9 October 2012, the A shares of the Company were successfully listed on the SSE.

PRINCIPAL ACTIVITIES

The principal activities of the Company are mining, flotation, roasting, smelting and downstream processing of molybdenum, tungsten, copper, gold and other precious metals.

Details of the names, principal country of operation, country of incorporation and the issued share capital of the major subsidiaries are set out in note (VII).1 to the consolidated financial statements. During the year, there was no material change on the nature of the principal activities of the Group.

FINAL DIVIDEND

In order to maintain the continuity and stability of the Company's dividend policy and to adhere to the commitment of providing shareholders with cash return, in accordance with the Company's principle of profit distribution and cash dividend policy, the Board recommended the payment of a final dividend of RMB0.18 per share (tax inclusive) for the year ended 31 December 2014. Final dividend for the year ended 31 December 2014 is subject to the approval of shareholders of the Company at the forthcoming AGM.

The Company will dispatch a circular containing, among other matters, further information relating to the proposed distribution of final dividend and the AGM to shareholders of the Company as soon as practicable.

TAX RELIEF (APPLICABLE TO H SHAREHOLDERS)

The Withholding and Payment of Enterprise Income Tax for Non-Resident Enterprise Shareholders and Personal Income Tax for Individual Shareholders

In accordance with the "Enterprise Income Tax Law of the People's Republic of China" and its implementation regulations which became effective on 1 January 2008 and other relevant rules and regulations, the Company is required to withhold and pay enterprise income tax at the rate of 10% when distributing the 2014 final dividend to non-resident enterprise shareholders as appearing on the register of members of H Shares of the Company on the reference date. Any shares registered in the name of non-individual shareholders, including HKSCC Nominees Limited, other nominees, trustees or other organizations and groups will be treated as being held by non-resident enterprise shareholders and therefore, the dividends attributable to such shareholders should be paid after deducting the enterprise income tax. The Company will withhold and pay personal income tax at the rate of 10% for all the non-resident individual shareholders. Therefore, dividends attributable to the non-resident individual shareholders will be paid after deducting the 10% personal income tax. The Company assumes no responsibility and will not entertain any claims arising from any delay in, or inaccurate determination of, the status of the shareholders or any dispute over the arrangement of withholding. Shareholders are recommended to consult their tax advisors regarding the PRC, Hong Kong and other tax effects involved in their holding and disposing of H Shares of the Company.

REPORT OF THE DIRECTORS

FINANCIAL INFORMATION SUMMARY

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the Company's audited consolidated financial statements for the year ended 31 December 2014, is set out on page 204. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of changes to the property, plant and equipment of the Company and the Group during the year are set out in note (XIV).9 and note (V).11 to the consolidated financial statements.

SHARE CAPITAL

Details of changes in the Company's share capital during the year are set out in note (V)33 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the PRC which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

BORROWINGS

Details of the borrowings of the Company and the Group are set out in notes (XIV).14, (V).17 and (V).29 to the consolidated financial statements.

PURCHASE, REDEMPTION AND SALE OF LISTED SECURITIES OF THE COMPANY

On 26 July 2013, the Company received a notice of acceptance of registration (Zhong Shi Xie Zhu [2013] PPN No. 189) from the National Association of Financial Market Institutional Investors, confirming the acceptance of the registration of the debt financing notes through private placement in the registered amount of RMB5 billion, which will be valid for a period of two years from the registration date. Since the interest rate in the market did not meet with the Company's expectation, the Company did not issue debt financing instruments through private placement. At present, the authorization period would expire soon. In order to meet development strategy of the Company and increase financing channels, at the 2013 annual general meeting held on 9 May 2014, the shareholders of the Company have approved to extend the authorization for the issuance of debt financing instruments through private placement to the date of the annual general meeting to be held in 2016.

A SHARE CONVERTIBLE CORPORATE BONDS

On 24 October 2014, the application for issuance of A Share convertible corporate bonds of the Company has been approved by the Main Board Issuance Examination Committee of the CSRC. The Company issued a total of 49,000,000 A Share convertible corporate bonds with a nominal value of RMB100 each (the "**Convertible Bonds**"), amounting to RMB4.9 billion in aggregate. The Convertible Bonds will be issued at nominal value and the initial conversion price shall be RMB8.78 per A Share. The Convertible Bonds have a term of six years from the date of the issuance, which commences from 2 December 2014 and ends on 1 December 2020 and the conversion period will be from the first trading day after the expiry of six months from the date of completion of the issuance of the Convertible Bonds until the maturity date. The Convertible Bonds will bear an interest at the rate of 0.50% in the first year, 0.70% in the second year, 0.90% in the third year, 1.20% in the fourth year, 1.80% in the fifth year and 2.40% in the sixth year on a per annum basis. Within five trading days upon the maturity of the Convertible Bonds, the Company will redeem all outstanding Convertible Bonds which have not been converted from holders of the Convertible Bonds at a price of 108% (including the interest for the last interest accrual year) of the nominal value of the Convertible Bonds issued hereunder. The issued Convertible Bonds has been listed and traded on the SSE from 16 December 2014 (SSE Convertible Bond Code: 113501). The net proceeds (after deducting all expenses incidental to the issuance) raised from the Convertible Bonds, amounted to RMB4,843,547,956.20, shall all be used in the acquisition of the 80% interest in Northparkes Joint Venture and certain associated rights and assets held by North Mining Limited.

As at 31 December 2014, no conversion rights of the Convertible Bonds has been exercised.

REPORT OF THE DIRECTORS

Save as disclosed above, for the year ended 31 December 2014, neither the Company nor any of its subsidiaries purchased, redeemed or sold any listed securities of the Company.

DISTRIBUTABLE RESERVE

The amount of the Company's reserves available for distribution as at 31 December 2014, calculated in accordance with PRC rules and regulation, was RMB2,640.8 million.

CHARITABLE DONATIONS

During the year, the Group made charitable donations totaling RMB4.2 million (2013: RMB15.7 million).

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2014, the proportions of purchase and sales from our major suppliers and major customers to our total purchase and sales were as follows:

PURCHASES

The total purchases from our largest supplier was approximately 3.23% of our total purchase value.

The total purchases from our five largest suppliers was approximately 7.63% of our total purchase value.

SALES

The total sales to our largest customer was approximately 4.10% of our total sales value.

The total sales to our five largest customers was approximately 17.07% of our total sales value.

During the year, to the Directors' knowledge, none of the Directors or supervisors or their respective close associates or any shareholder who holds more than 5% of our shares, held any material interest or rights in our five largest customers and our five largest suppliers.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Directors, supervisors and senior management of the Company during the year and as at the date of this annual report are:

Executive Directors

Mr. Li Chaochun (appointed as the Chairman on 14 January 2014)
Mr. Li Faben
Mr. Wang Qinxu
Ms. Gu Meifeng
Mr. Wu Wenjun (resigned as the Chairman on 14 January 2014)

Non-Executive Directors

Mr. Zhang Yufeng
Mr. Yuan Honglin

REPORT OF THE DIRECTORS

Independent Non-Executive Directors

Mr. Bai Yanchun
Mr. Xu Shan
Mr. Cheng Gordon
Mr. Xu Xu (tendered his resignation on 7 February 2014 but continues to perform his duties until the conclusion of the forthcoming annual general meeting)

Supervisors

Mr. Zhang Zhenhao
Mr. Yin Dongfang
Mr. Deng Jiaoyun (resigned on 19 January 2015)
Ms. Wang Zhengyan (appointed as staff representative supervisor on 19 January 2015)

Senior Management

Mr. Yang Jianbo
Mr. Wang Bin
Mr. Jiang Zhongqiang (appointed as deputy general manager on 14 January 2014)
Mr. Zhang Xinhui

Mr. Xu Xu has tendered his resignation as an independent non-executive Director on 7 February 2014 (but continues to perform his duties until formal appointment of his replacement); Mr. Deng Jiaoyun has resigned as the staff representative supervisor due to work commitments (please refer to the announcements of the Company dated 7 February 2014 and 19 January 2015, respectively for details).

Pursuant to the Articles of Association, the term of office of all Directors and supervisors is three years and shall expire at the annual general meeting to be held in 2015 (the term of office of Ms. Wang Zhengyan shall expire on 18 January 2018), and they are eligible for re-election. Amongst the abovementioned retiring Directors and supervisors, Mr. Li Chaochun, Mr. Li Faben, Mr. Yuan Honglin, Mr. Bai Yanchun, Mr. Xu Shan, Mr. Cheng Gordon and Mr. Zhang Zhenhao are all eligible and will offer themselves for re-election at the 2015 annual general meeting, while the remaining Directors and supervisors will not offer themselves for re-election at this annual general meeting.

In addition, the Board has nominated Mr. Ma Hui and Mr. Cheng Yunlei respectively as the candidates of non-executive Directors to be elected by the shareholders at the 2015 annual general meeting. The Board will propose a special resolution at the 2015 annual general meeting regarding the proposed amendment to the Articles of Association, recommending the number of the Board members be fixed at 7 to 11, so as to guarantee that the number and composition of the Board of the Company are in compliance with the requirements under the Company Law and the Listing Rules.

The Company convened the staff representatives general meeting on 19 January 2015, at which Ms. Wang Zhengyan was elected as the staff representative supervisor of the Company. Ms. Wang Zhengyan and two shareholder representative supervisors to be elected at the 2015 annual general meeting will compose the fourth session of the supervisory committee of the Company. The Board has nominated to re-elect Mr. Zhang Zhenhao and elect Ms. Kou Youmin as candidates of the shareholder representative supervisors to be elected by the shareholders at the 2015 annual general meeting.

The Company has received an annual confirmation from each of Mr. Bai Yanchun, Mr. Xu Shan, Mr. Cheng Gordon and Mr. Xu Xu in respect of their independence, and was of the opinion that they are still independent as at the date of this report.

DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S PROFILES

Profile details of the Directors and supervisors of the Company and the senior management of the Group are set out on pages 55 to 59 of the annual report.

REPORT OF THE DIRECTORS

DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S REMUNERATION

The Directors' and supervisors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board of the Company with reference to Directors' and supervisors' duties, responsibilities and performance and the results of the Group. In compliance with the Corporate Governance Code, the Company has a remuneration committee to formulate remuneration policies. Details of the Directors' and supervisors' remuneration are disclosed in note (X)7 to the consolidated financial statements.

Mr. Xu Xu, an independent non-executive Director, received a remuneration of RMB116,666.67 in 2014 as independent non-executive Director and has waived the remaining. Mr. Yin Dongfang, a supervisor, received a remuneration of RMB67,500 in 2014 as supervisor and has waived the remaining. Mr. Deng Jiaoyun, the staff representative supervisor (resigned on 19 January 2015), has waived his allowances as supervisor in 2014. Ms. Wang Zhengyan, the newly appointed staff representative supervisor (appointed on 19 January 2015), will not receive allowances as supervisor before the conclusion of the annual general meeting of the Company to be held in 2015.

The remuneration of the senior management for the year ended 31 December 2014 fell within the following bands (Note 1):

Remuneration bands	Number of Individual(s) YEAR 2014
Below RMB1,500,000	4

Note 1: Directors and supervisors of the Company were excluded and Ms. Ho Siu Pik, the joint company secretary, is an external service provider, as such, she is not part of the Company's senior management.

DIRECTORS' AND SUPERVISORS' MANAGEMENT CONTRACTS

Ms. Wang Zhengyan was appointed as the staff representative supervisor on 19 January 2015 and entered into a service contract with the Company for three years commencing from the date of appointment. Other Directors and supervisors of the Company have each entered into a service contract with our Company for a term of not more than three years until the annual general meeting of the Company to be held in 2015.

None of the Directors and supervisors has a service contract with the Company which is not terminable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

None of the Directors and supervisors had material interests, either directly or indirectly, in any contract of significance to the business of the Group subsisting or entered into by the Company, its holding company or any of its subsidiaries during or at the end of the year.

MANAGEMENT CONTRACTS

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

DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As of 31 December 2014, none of the Directors, chief executives and supervisors and their respective associates had interests or short positions in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which require the Company and the Stock Exchange to be notified pursuant to Part XV of the SFO or which, pursuant to section 352 of the SFO, require such interests or short positions to be entered into the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

REPORT OF THE DIRECTORS

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

During the year ended 31 December 2014, no rights to acquire benefits by means of the acquisition of shares or debentures of the Company were granted to any Directors and supervisors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement which enabled the Directors or supervisors of the Company to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

To the best knowledge of all Directors and supervisors, as at 31 December 2014, the persons or companies (other than Directors, the chief executives or supervisors of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO or who were deemed to be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

Name	Number of shares held	Capacity	Class of Share	Approximate percentage of shareholding in relevant class of shares
LMG	1,776,593,475	Beneficial owner	A share	47.19%
Luoyang Guohong Investment Group Co., Ltd. ⁽¹⁾	1,776,593,475	Interest in controlled corporation	A share	47.19%
CFC	1,726,706,322	Beneficial owner	A share	45.86%
	28,473,804 ⁽²⁾	Beneficial owner	A share	0.76%
	101,000,000(L)	Interest in controlled corporation	H share	7.70%
Cathay Hong Kong ⁽³⁾	101,000,000(L)	Beneficial owner	H share	7.70%
Yu Yong ⁽⁴⁾	1,726,706,322	Interest in controlled corporation	A share	45.86%
	28,473,804 ⁽²⁾	Interest in controlled corporation	A share	0.76%
	101,000,000(L)	Interest in controlled corporation	H share	7.70%

Note: (L) — Long position

⁽¹⁾ The State-owned Assets Supervision and Administration Commission of the Municipal Government of Luoyang City* (洛陽市人民政府國有資產監督管理委員會) has transferred all its interests in LMG to Luoyang Guohong Investment Group Co., Ltd. and completed the procedures for change of business registration during the reporting period (Please refer to the announcements of the Company dated 29 November 2013, 27 January 2014 and 20 May 2014 for details).

⁽²⁾ Such interest is deemed as the interest in 2.5 million A Share Convertible Bonds of the Company held by CFC as at 31 December 2014.

⁽³⁾ Cathay Hong Kong is a wholly-owned subsidiary of CFC in Hong Kong.

⁽⁴⁾ Mr. Yu Yong holds 99% interest in CFC.

REPORT OF THE DIRECTORS

Save as disclosed above, as at 31 December 2014, the Directors were not aware of any other persons (other than a Director, chief executive or supervisor of the Company) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

CONNECTED TRANSACTIONS

For the year ended 31 December 2014, the related party transactions set out in notes (X) and (XIV).29 to the consolidated financial statements did not constitute connected transaction for the Company under Chapter 14A of the Listing Rules and the Group had not entered into any connected transactions which are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules with connected persons as defined in the Listing Rules.

NON-COMPETITION AGREEMENTS

On 6 September 2006, non-compete agreements were entered into between the Company and each of CFC and LMG, respectively. CFC and LMG agreed not to compete with us in our businesses and granted us certain options and right of first refusal pursuant to the non-compete agreements. Details of the non-compete agreements had been disclosed in the prospectus of the Company dated 13 April 2007, under the section headed "Relationship with Controlling Shareholders — Non-Compete Agreements". Each CFC and LMG had executed a Non-competition Undertaking Letter with the Company on 30 January 2011 and 18 May 2011 respectively, pursuant to which each of them had undertaken not to compete with the Company in the businesses it operated or businesses to be further expanded. Details of the Non-competition Undertaking letters had been disclosed in "Peer Competition and Connected Transactions (同業競爭與關聯交易)" set out in Section VII to the prospectus of A Shares dated 8 October 2012. CFC (together with its parties acting in concert, Cathay Hong Kong) and Luoyang Guohong Investment Group Co., Ltd. had executed the Acquisition Report of China Molybdenum Co., Ltd.* on 23 January 2014 and 29 November 2013 respectively, pursuant to which each of them undertook not to compete with the Company in the businesses we operated. Details of the Acquisition Reports were disclosed in the announcements, dated 23 January 2014 and 27 January 2014.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance had been entered into between the Company or any of its subsidiaries and any controlling Shareholders or any of its subsidiaries during the reporting period.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, none of the Directors had any interest in any business which competes or is likely to compete either directly or indirectly, with the business of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on public information and to the knowledge of the Directors, at least 28.99% of the Company's total issued share capital was held by the public for the year ended 31 December 2014. The Company has been maintaining the public float required by the Hong Kong Listing Rules.

AUDITORS

The consolidated financial statements of the Company for the year ended 31 December 2014 were audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership). The financial report for the year 2014 prepared in accordance with the PRC Accounting Standards by the Company has been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) and an auditor's report with unqualified opinions has been issued.

The Company appointed Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership), as the auditors of the Company, with term of office until the conclusion of the next annual general meeting of the Company.

By order of the Board
Li Chaochun
Chairman

Luoyang City, Henan Province, the PRC
23 March 2015

REPORT OF THE SUPERVISORY COMMITTEE

Dear Shareholders,

During the reporting period, being in compliance with the laws and regulations of the PRC and the Hong Kong Special Administrative Region, and the relevant provisions of the Articles of Association, the supervisory committee of the Company performed supervision function legally and independently, carried out various work prudently and actively, facilitated standardized operation of the Company and protected the legal rights and interests of the Company, shareholders and staff. The supervisory committee conducted supervision and inspection over the Company's finance, implementation of resolutions passed at general meetings, the lawfulness and compliance of material decision-making procedures by the Board and the operational and management activities of the Company, and the performance of duties by the Board and the senior management, with a view to fostering sustainable and healthy development of the Company.

I. MEETINGS CONVENED DURING THE REPORTING PERIOD

During the reporting period, the supervisory committee held seven meetings. Apart from holding supervisory committee meetings, the supervisory committee of the Company also sat in and attended the official meetings of the Company's Board for six times and extraordinary meetings for thirteen times, general meetings for four times and listened to and adopted important proposals and resolutions from the Company. We understood the process of how the Company's material decisions were formed, had a grasp on the operational results of the Company, and simultaneously performed the supervisory committee's functions of knowing facts, monitoring and investigation.

II. MAJOR DUTIES OF THE SUPERVISORY COMMITTEE DURING THE REPORTING PERIOD

During the reporting period, the supervisory committee prudently reviewed the operational and development plans of the Company. The supervisory committee also raised reasonable recommendations and opinions to the Board. It also effectively supervised as to whether the major and specific decisions made by the management of the Company were in compliance with the laws and regulations of the State and the Articles of Association, and whether they were made to safeguard the benefits of the shareholders.

During the reporting period, the current session of the supervisory committee was primarily engaged in the following activities:

1. Inspection of the implementation of resolutions passed at the general meetings

The current session of the supervisory committee conducted supervision and inspection over the implementation of resolutions passed at the general meetings by the Board, Directors and the management of the Company through attending general meetings and Board meetings of the Company. The supervisory committee is of the opinion that the Board has seriously performed their duties, in due diligence, to execute all resolutions of the general meetings, and has not conducted any act which jeopardized the interests of the Company and shareholders. All resolutions of the Board are in compliance with laws and regulations such as the Company Law and the requirements of the Articles of Association.

2. Inspection of lawfulness of the Company's operations

During the reporting period, the Company amended or formulated a series of systems of legal person governance including the Articles of Association, Implementation Rules of Cumulative Voting System (《累積投票制實施細則》), Work Details of Investment Committee (《投資委員會工作細則》) in accordance with the Company Law, the Securities Law, other laws and regulations and the relevant requirements of the regulatory authorities.

REPORT OF THE SUPERVISORY COMMITTEE

Pursuant to the relevant provisions of relevant laws and regulations of the State, Listing Rules and Articles of Association, the supervisory committee conducted inspection and supervision over the procedures for convening general meetings and Board meetings of the Company, items to be resolved; execution of resolutions passed at general meetings by the Board, the conduct codes of senior management of the Company and internal control system of the Company. Upon inspection, the supervisory committee of the Company is of the view that the decision-making procedures on the general meetings and on Board meetings of the Company are lawful, and the internal control system of the Company is well established. Each of the Directors is diligent and responsible. No violation of any laws, regulations, Listing Rules and Articles of Association has been found in the performance of duties of senior management, and they fairly completed the annual production and operation targets of the Company. No act which might jeopardize the benefits of the Company and the interests of the shareholders had been found.

3. Inspection of the Company's financial status

During the reporting period, the supervisory committee of the Company conducted effective supervision and inspection over the performance of the Company's financial system. Upon inspection, the supervisory committee is of the view that the financial operation of the Company was conducted in strict compliance with the financial management and the internal control system of the Company. Through the inspection over each auditing material (including the financial information) provided by the Company, the Company has basically built a sound financial internal control system, which could guarantee the efficient operation of corporate funding and the safety and integrity of the Company's properties. The Company has neither acted against the wishes of the shareholders nor violated the internal control system of the Company during the course of business. The utilisation of fund is in the interests of the shareholders and fit in the principle of maximising the Company's benefits. The financial position of the Company was solid with true financial data, and there is no false record, misrepresentations, or major omissions. There exists no guarantee in violation of rules nor any guaranteed items which should be disclosed but have not been disclosed yet. Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) audited and issued a standard and unqualified audit report on the annual financial report.

4. Inspection of the use of the Company's proceeds

As approved by Zheng Jian Xu Ke Document [2014] No. 1246 of CSRC, the Company issued A Share convertible bonds on 2 December 2014, with the proceeds raised amounted to RMB4,900,000,000. After deducting the administrative cost of RMB56,452,000.00, the actual proceeds were RMB4,843,548,000. On the 24th extraordinary meeting of the third session of the Board, the Resolution Regarding Using Proceeds Raised to Replace Such Self-raised Funds Contributed in Advance (《關於使用募集資金置換預先投入募投專案自籌資金的議案》) was reviewed and passed and it was agreed that the Company could utilise RMB4,843,548,000, the fundraising proceeds and the interest thereon, for replacing such self-raised funds contributed to the fundraising project at preliminary stage. The supervisory committee was of the view that the Company's contribution, in advance, of such self-raised funds into the fund raising project was kept in line with the needs of safeguarding the Company's development benefits. The utilisation of fundraising proceeds of the Company was in compliance with the relevant provisions of the "Regulations on Listed Companies' Management of Raised Funds of the Shanghai Stock Exchange" and "Management System for Raised Fund of China Molybdenum Co., Ltd." There existed no damage to the shareholders' benefits and it was agreed that the Company could utilise RMB4,843,548,000, the fundraising proceeds and the interest thereon, for replacing such self-raised funds contributed to the fundraising project at preliminary stage.

5. Inspection of the implementation of the information disclosure system

During the reporting period, the supervisory committee urged the Company's relevant departments to cooperate with the sponsoring organizations for conducting on-site investigation. Results of investigation proved that the Company was in strict compliance with the requirements of regulatory policies to perform its obligations of information disclosure, to seriously implement each information disclosure management system, to timely and fairly disclose information. Despite the Company's negligence found during the course of disclosure of 2013 Report and remedy having been timely made, the overall information disclosed is true, accurate and complete.

REPORT OF THE SUPERVISORY COMMITTEE

6. Participating in training

In order to consistently increase professional knowledge and enhance the business level, to strictly comply with laws, regulations and the Articles of Association, to execute the supervisory function of the supervisory committee in a better way, from 7 August 2014 to 9 August 2014, Mr. Zhang Zhenhao, Mr. Deng Jiaoyun and Mr. Yin Dongfang of the supervisory committee participated the third session of the training courses in 2014 for the directors, supervisors and senior management of the listed companies organized by the Listed Companies Association of Henan.

III. BASIC EVALUATION OF THE PERFORMANCE OF THE BOARD AND SENIOR OPERATION IN THE REPORTING PERIOD

The supervisory committee was of the view that the Board of the Company duly performed its operation in strict compliance with the requirements under the laws and regulations including the Companies Law, the Articles of Association and Hong Kong and Shanghai Stock Exchange Listing Rules. The Company kept the duly process of the production and operation, and ensured the stability of the production and operation of the Company and the interests of the shareholders to the furthest.

In this year, the major business decisions making procedures of the Company were legitimate and effective. The Directors and senior management of the Company duly performed its duties seriously, proactively and normatively conducted its work in accordance with the national laws, regulations, the Articles of Association and resolutions of the general meeting and the Board. The supervisory committee had not found any acts in breach of laws and regulations and the Articles of Association or against the interests of the shareholders and the Company. The supervisory committee deeply appreciated that.

IV. WORKING PLAN

In 2015, the supervisory committee will continue to strictly comply with the laws and regulations of the State and such power and authority as granted by the Articles of Association and will firmly adhere to the strategies of the Company, focus on the Company's operating goals, take financial supervision as the core and diligently perform our responsibilities. Firstly, we shall organize and convene work meeting of the supervisory committee on a regular basis and conduct supervision and investigation over the Company's financial situation according to laws; we shall urge the Company to standardized its operation and enhance the level of corporate governance. Secondly, we shall continue to strengthen the supervision functions, attend the Board meetings and shareholders' meetings according to laws, and timely grasp the lawfulness of the items under major decision making process and of the decision-making procedures of the Company, for better protection of the shareholders' rights and interests. Thirdly, we shall strengthen self-learning, enhance the level of business, actively participate in the relevant training organized by the regulatory authorities and the Company. Meanwhile, we could enhance the level of professional knowledge and business standards through self-study and to better bring out the monitoring functions of the supervisory committee.

On 18 January 2015, Mr. Deng Jiaoyun, the staff representative supervisor, submitted his resignation report. Due to personal work commitments, Mr. Deng Jiaoyun tendered his resignation as the Company's staff representative supervisor of the third session of the supervisory committee. On 19 January 2015, the Company convened staff representatives general meeting and agreed that Ms. Wang Zhengyan has been appointed to be the replacement for the Company's staff representative supervisor. (For details, please refer to the announcement of the Company dated 19 January 2015 titled "Resignation and Appointment of Staff Representative Supervisor of CMOC").

In accordance with the provisions of the Articles of Association, Ms. Wang Zhengyan, the Company's staff representative supervisor together with the shareholder representative supervisor to be elected in the 2015 annual general meeting will jointly establish the new session of the supervisory committee. On behalf of Mr. Deng Jiaoyun, Mr. Yin Dongfang and Ms. Wang Zhengyan, the supervisory committee is extremely grateful for the continuous support for its work by all the shareholders, Board of Directors and staff.

By order of the Supervisory Committee
Zhang Zhenhao
Chairman

Luoyang City, Henan Province, the PRC
23 March 2015

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Li Chaochun, aged 38, is an executive Director since January 2007 and chairman of the Board since January 2014. He is also the vice chairman of our nomination committee since 17 August 2012 and the chairman of our strategic committee since 14 January 2014. Mr. Li graduated from Shanghai Jiaotong University with a bachelor's degree in law in July 1999. From July 1999 to December 1999, he was a staff accountant of the tax division of Arthur Andersen (Shanghai) Business Consulting Co., Ltd. He was with Arthur Andersen Hua Qiang CPA from January 2000 to March 2002, where his last position was a senior consultant of the tax division. From April 2002 to February 2003, he was a deputy manager of planning and strategy implementation of the general representative office of The Hong Kong and Shanghai Banking Corporation Limited. From July 2003 to January 2007, Mr. Li was an executive director of the investment department of Cathay Fortune Corporation, one of the founders of the Company. Mr. Li has been a director of China Molybdenum (Hong Kong) Company Limited, Luoyang High Tech Molybdenum & Tungsten Materials Co., Ltd., CMOC Mining Pty Limited, CMOC Limited, CMOC Mining Services Pty Limited, Schmocker (Shanghai) International Trading Co., Ltd. and CMOC Mining USA Ltd. since 16 August 2007, 27 May 2010, 25 July 2013, 27 August 2013, 9 September 2013, 20 April 2014, and 29 May 2014, respectively. From January 2007 to 14 January 2014, Mr. Li was the vice chairman of the Board.

Mr. Li Faben, aged 51, professor-level senior engineer, has been our executive Director since August 2006. He is also the general manager and a member of the strategic committee of the Company since October 2012. Mr. Li graduated from the Central South Mining & Metallurgical College (subsequently renamed as the Central South University of Technology, now known as the Central South University) with a bachelor's degree in engineering in 1983 (major in mining engineering) and the Xi'an University of Architecture and Technology with a master's degree in engineering in 2004 (specialised in mining engineering). From August 1988 to January 1999, Mr. Li held various positions at Luoyang Luanchuan Molybdenum Company, in which he served as the deputy head and head of the technical division, quarry supervisor, head of the open-pit mining construction department and deputy manager of Luoyang Luanchuan Molybdenum Company. Mr. Li served as deputy general manager of Luoyang Luanchuan Molybdenum Group Co., Ltd. between January 1999 and November 2002. From November 2002 to August 2006, Mr. Li was the deputy general manager and vice chairman of Luoyang Luanchuan Molybdenum Group Co., Ltd. as well as a director of Luoyang Mining Group Co., Ltd. from July 2006 to November 2009. Mr. Li was the standing deputy general manager of the Company from August 2006 to October 2012. Mr. Li is also a director of China Molybdenum (Hong Kong) Company Limited since 16 August 2007.

Mr. Wang Qinxu, aged 50, senior engineer, has been our Director and deputy general manager since August 2006. Mr. Wang graduated from Beijing Steel College with a bachelor's degree in engineering majoring in ore flotation in 1987. Mr. Wang has over 20 years of experience in ore flotation. From 1987 to January 1999, Mr. Wang was a technician and head of No.1 ore processing branch of Luanchuan Molybdenum Mine of Henan Province, head of the ore processing plant of Luoyang Luanchuan Molybdenum Company Mucheng Company, deputy manager of Luoyang Luanchuan Molybdenum Company Mucheng Enterprise Company, deputy head and head of Majuan Ore Processing Plant of Luoyang Luanchuan Molybdenum Company and deputy manager of Luoyang Luanchuan Molybdenum Company. From January 1999 to August 2006, Mr. Wang served as vice chairman and deputy general manager of Luoyang Luanchuan Molybdenum Group Co., Ltd.. From January 2006 to December 2006, Mr. Wang also served as vice chairman of Luoyang Baima Group. Mr. Wang is also a supervisor of Schmocker (Shanghai) International Trading Co., Ltd. since 24 April 2014.

Ms. Gu Meifeng, aged 50, has been the chief financial officer of the Company since August 2006 and our executive Director since June 2013. Ms. Gu graduated from Henan University in 1995 and obtained a master's degree in accounting from The Chinese University of Hong Kong in December 2009. From 1986 to 1994, Ms. Gu worked on cost accounting with China YTO Group Corporation Equipment Reparation & Manufacturing Plant. From 1994 to June 2006, Ms. Gu was a deputy general manager of Luoyang Zhonghua Certified Public Accountants Co., Ltd. Between 2000 and 2006, Ms. Gu served as an independent supervisor of Luoyang Glass Company Limited, a company listed on both the Shanghai Stock Exchange (stock code: 600876) and the Hong Kong Stock Exchange (stock code: 01108). In addition, Ms. Gu has been serving as a director of Xinjiang Luomu Mining Co., Ltd since July 2011 and as a supervisor of Luoyang High Tech Molybdenum & Tungsten Materials Co., Ltd. since May 2010. Ms. Gu is a certified public accountant, registered asset appraiser and senior accountant.

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Wu Wenjun, aged 48, senior engineer, has been our executive Director since 2007 as well as the vice chairman of Luoyang Association of Science and Technology. Mr. Wu graduated from Luoyang Institute of Technology in July 1987 with a bachelor's degree in engineering majoring machinery processing and equipment and with a master's degree in technological economics from Tsinghua University School of Economics and Management in June 1993. Between July 1993 and February 1994, Mr. Wu worked as an engineer with CITIC Heavy Machinery Inc. Computing Center and between February 1994 and December 2000, he worked as department manager and deputy general manager of CITIC Heavy Machinery Inc. Foreign Trade Company. From December 2000 to March 2003, he served as the general manager of CITIC Heavy Machinery Inc. Foreign Trade Company. From March 2003 to December 2006, he acted as the deputy mayor of the Luanchuan County. From January 2007 to October 2012, Mr. Wu was the general manager of the Company. From October 2012 to 14 January 2014, Mr. Wu was the chairman of the Board. From 24 October 2012 to 20 January 2014, Mr. Wu was a director of China Molybdenum (Hong Kong) Company Limited. From 27 August 2013 to 20 January 2014, Mr. Wu was also a director of CMOG Limited.

Non-Executive Directors

Mr. Yuan Honglin, aged 47, has been our non-executive Director and a member of remuneration committee since November 2013. He has over 20 years of experience in the banking industry. Mr. Yuan graduated from Nanjing University in July 1990 with a bachelor's degree in economics. In July 2004, Mr. Yuan obtained a MBA degree from Shanghai Jiaotong University. From August 1990 to May 2000, Mr. Yuan worked at Bank of China Limited, Nantong Branch where he held various positions including vice president of the Rudong sub-branch and manager of the credit management department of Nantong Branch. Between June 2000 and August 2007, Mr. Yuan worked at China Merchants Bank Limited, Shanghai Branch where he held various positions including president of Jiang Wan sub-branch and general manager of corporate banking department. From September 2007 to September 2012, Mr. Yuan worked at PingAn Bank Co., Ltd. where he held various positions including assistant to the president of the Shanghai Branch, vice president (responsible for the overall business operations) of the Shanghai Branch and general manager of the corporate banking department responsible for the northern region of China. From October 2012 to the present, Mr. Yuan has been the deputy general manager of Cathay Fortune Capital Limited, a wholly-owned subsidiary of Cathay Fortune Corporation, a controlling shareholder of the Company.

Mr. Zhang Yufeng, aged 40, has been our non-executive Director since August 2006 and a member of the audit committee. Mr. Zhang was an executive director of Ledong Binhai City Construction Development Co., Ltd.* (樂東濱海城市建設開發有限公司) and has been a director of Cathay Fortune Capital Equity Investment Co., Ltd.* (鴻商資本股權投資有限公司) from October 2011 to April 2015. Mr. Zhang graduated from Shanghai Jiaotong University in 1996 with a bachelor's degree in engineering. Mr. Zhang is a non-practicing member of CICPA (Chinese Institute of Certified Public Accountants). From January 1997 to August 1998, Mr. Zhang worked in project and investment department of Shanghai Caohejing Hi-Tech Park West Zone Development Co., Ltd.* (上海漕河涇開發區西區發展有限公司) and from August 1998 to July 2001, he served in the investment and consultancy department of DTZ Debenham Tie Leung Limited* (戴德梁行). From July 2001 to September 2002, Mr. Zhang worked for Shanghai Bao Rui Technology Investment Company* (上海寶瑞科技投資公司). Mr. Zhang was engaged in investment services for China Fortune Securities Co., Ltd.* (中富證券有限責任公司) from December 2002 to July 2003. From August 2003 to April 2015, Mr. Zhang has been the general manager of the No. 2 Investment Department of Cathay Fortune Corporation.

Independent Non-Executive Directors

Mr. Bai Yanchun, aged 48, has been our independent non-executive Director, chairman of both the nomination committee and remuneration committee and a member of the strategic committee since August 2012. He is currently a member of All China Lawyers Association holding a practising solicitor certificate in the PRC. Mr. Bai graduated from China University of Political Science and Law with a bachelor's degree of laws in 1988. He studied the postgraduate courses at the Center for Chinese and American Studies of Johns Hopkins University in the United States in 1992 and obtained a master's degree from the School of Law of Stanford University in the United States in 2003. From 1988 to 1992, he worked at the China Council for the Promotion of International Trade. In 1993, he participated in the founding of King & Wood Mallesons and has been engaging in professional legal services such as securities, mergers and acquisitions. Mr. Bai currently serves as an arbitrator of China International Economic and Trade Arbitration Commission. Mr. Bai was appointed as a member of the ninth session of Issuance Examination Committee of China Securities Regulatory Commission in 2008. Mr. Bai currently engages in legal services for Commerce & Finance Law Offices in Beijing.

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Cheng Gordon, aged 39, has been our independent non-executive Director and a member of the audit committee and nomination committee since August 2012. Mr. Cheng graduated from the University of Sydney (Australia) with bachelor degree in commerce (1996) and bachelor degree in law (1998). He is the President and Managing Partner of GD China Clean Energy Capital Partners. He also serves as the senior advisor of Deutsche Bank Global Climate Change Advisors and United Nations Industrial Development Organization (UNIDO) in China. From 2010 to 2011, Mr. Cheng had been the China Chief Representative of LaSalle Fund. Prior to 2010, he served as the Chief Financial Officer and Chief Investment Officer of Sunshine 100 Real Estate Development Group (“**Sunshine 100**”). Before joining Sunshine 100, he served as the Executive Vice President of Vimicro International Corporation (“**Vimicro**”), which was successfully listed on NASDAQ in the United States in 2005. Before joining Vimicro, he has worked for reputable global investment banks, including J.P. Morgan and Credit Suisse. Mr. Cheng has extensive experience in financing, investing as well as merger and acquisitions, both globally and in China.

Mr. Xu Shan, aged 46, has been our independent non-executive Director since August 2012. He is also the chairman of our audit committee and a member of the nomination committee. He is a PRC certified public accountant and a PRC registered tax agent. Mr. Xu graduated from the Department of Computing and Systematic Science of Xiamen University in 1991 and obtained a doctor's degree in management (accounting) from Xiamen University in 2001. At present, he concurrently acts as the chairman of Xiamen Tianjian Consulting Firm* (廈門天健諮詢公司) and an independent director of Sunshine Insurance Group Corporation Limited* (陽光保險集團股份有限公司), Beijing Kalends Science & Technology Company Limited* (北京昆侖萬維科技股份有限公司) and Xin Hee Co., Ltd. (欣賀股份有限公司), a part-time professor of the MPAcc Program of Xiamen University and a consultant of the Private Banking Center of Xiamen Branch of China Construction Bank. Mr. Xu served as the manager of Xiamen Nongxin Accounting Firm* (廈門農信會計師事務所) from June 1994 to August 1996, the manager of the Accounting Firm of Xiamen University* (廈門大學會計師事務所) from September 1996 to December 1998 as well as a director and partner of Tianjian Zhengxin Accounting Firm* (天健正信會計師事務所) from December 1998 to December 2011. He concurrently served as a special member of the ninth session of Issuance Examination Committee of China Securities Regulatory Commission from 2007 to 2008.

Mr. Xu Xu*, aged 63, has been our independent non-executive Director and a member of the nomination committee, remuneration committee and strategic committee since August 2012. Mr. Xu graduated from the English department of the Advance Learning Institute for Civil Servants of State Economic and Trade Commission (國家經貿部幹部進修學院) in 1984. Mr. Xu acquired his MBA degree from the School of Management, University at Buffalo, the State University of New York in 2001 and doctoral degree in industrial economics from the School of Business in Renmin University of China in 2005. In April 1975, Mr. Xu joined the Ministry of Foreign Trade (國家對外貿易部) (subsequently renamed as the Ministry of Foreign Trade and Economic Cooperation (經貿部), the Ministry of Foreign Trade and Economic (外經貿部), the Ministry of Commerce (商務部)) and served in various positions including third-class secretary, director, deputy director and special commissioner at Chinese embassies. From November 2008 to May 2012, Mr. Xu served as the president of China Chamber of Commerce of Metals Minerals & Chemicals Importers & Exporters. From 2004 to 2008, Mr. Xu served as a member of the Certification and Accreditation Administration of the PRC.

* Mr. Xu has tendered his resignation as an independent non-executive Director but continues to perform his duties as an independent non-executive Director, member of the nomination committee, remuneration committee and strategic committee of the Company until the conclusion of the forthcoming annual general meeting. For details, please refer to the announcements of the Company dated 7 February 2014 and 23 March 2015 respectively.

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SUPERVISORS

Mr. Zhang Zhenhao, aged 41, has been our supervisor and chairman of the supervisory committee since August 2009. Mr. Zhang concurrently acts as a director of Cathay Fortune Corporation, a director of Cathay Fortune Investment Limited (鴻商投資有限公司), a director of Cathay Fortune International Company Limited (鴻商產業國際有限公司), a director of Cathay Fortune Singapore Pte. Ltd. (鴻商產業新加坡(私人)有限公司), a director of Shanghai CFC Puyuan Investment Management Co., Ltd (上海鴻商普源投資管理有限公司), a director of Shanghai CFC Datong Industrial Co., Ltd. (上海鴻商大通實業有限公司), a director of Shanghai Shanglue Trading Co., Ltd (上海商略貿易有限公司), a director of Beijing Huiqiao Investment Co., Ltd (北京匯橋投資有限公司) and a supervisor of Cathay Fortune Capital Equity Investment Co., Ltd.* (鴻商資本股權投資有限公司). Mr. Zhang graduated from Tianjin Polytechnic University with a bachelor's degree in textile engineering. Mr. Zhang also obtained a master degree in finance from the Graduate School of The Chinese Academy of Social Sciences and the CFA qualification from the CFA Institute. From 1993 to 1999, Mr. Zhang held positions at Tianjin Yarn-dyed Company (天津色織公司), Tianjin Weaving Materials Exchange, Hainan Zhongshang Futures Exchange* (海南中商期貨交易所). From May 1999 to December 2001, Mr. Zhang was employed by Zhongfu Securities Dealer Co. Ltd. as member of the preparatory division, general manager of the business management department and Supervisor of the company. From January 2002 to May 2007, Mr. Zhang was employed by Zhongfu Securities Co. Ltd. as member of the preparatory division, general manager of the sales department of Haikou Securities, executive director of the sales management department, secretary to the board of directors of the company and general manager of the chief executive office and the human resources department. Since June 2007, Mr. Zhang has been the general manager of the finance department of Cathay Fortune Corporation.

Mr. Yin Dongfang, aged 53, has been our supervisor since January 2007. Mr. Yin concurrently acts as the vice chairman, director and general manager of Luoyang City State-owned Assets Management Co., Ltd.* (洛陽市國資國有資產經營有限公司), director of China YTO Group Corporation* (中國一拖集團有限公司) and the deputy general manager and director of Luoyang Guohong Investment Group Co., Ltd (洛陽國宏投資集團有限公司). Mr. Yin graduated from Zhengzhou University with a diploma in law in June 1988 and obtained his lawyer's qualification certificate in May 1989. Between 1994 and 1998, Mr. Yin practiced as a lawyer in Luoyang City No. 2 Law Firm* (洛陽市第二律師事務所) and between August 1998 and December 2004, he set up his own legal firm with two other partners. Between August 2002 and December 2004, Mr. Yin was appointed as the standing deputy chairman of Luoyang City Bar Association* (洛陽市律師協會). He has been the manager of the investment and management department of the Luoyang City Branch of Henan Province Association of Municipal and Township Collectively-Owned Industries since May 2005, a Supervisor of the Company since January 2007, vice chairman, director and general manager of Luoyang City State-owned Assets Management Co., Ltd.* (洛陽市國資國有資產經營有限公司) since June 2007, director and deputy general manager of Luoyang Mining Group Co., Ltd. since July 2008, director of China YTO Group Corporation since June 2009.

Ms. Wang Zhengyan, aged 44, has been our supervisor since 19 January 2015. Ms. Wang graduated from the Department of Finance of Henan Agricultural University, the People's Republic of China. From 1990 to January 2008, she worked at China Luoyang Float Glass Group Co., Ltd.'s property management department, planning and development department and international engineering company. She joined the Company in January 2008, served as the deputy manager of China Molybdenum Metallic Material Company Ltd. from 2009 to 2011, and served as the deputy manager of Xinjiang Luomu Mining Co., Ltd. from 2011 to January 2013. Since January 2013, she served as the section chief of investment engineering section of the Company. Since January 2015, she served as the chairperson of the Company's labour union.

JOINT COMPANY SECRETARIES

Mr. Zhang Xinhui, aged 36. Mr. Zhang previously served as the deputy financial officer of the Company, and is presently acting as the secretary to the Board and the joint company secretary of the Company. Mr. Zhang has been serving as a director of CMOG Limited since January 2014. Mr. Zhang obtained a bachelor's degree in economics in 1999 and a master's degree in economics in 2003 from Fudan University. Prior to joining the Company, Mr. Zhang worked respectively at the investment banking department of Tebon Securities Co., Ltd. (德邦證券有限責任公司) and the No. 1 Investment Department of Cathay Fortune Corporation.

Ms. Ho Siu Pik, aged 51, is the joint company secretary of the Company for the purpose of Rule 8.17 of the Listing Rules. Ms. Ho is a director of Corporate Services Division of Tricor Services Limited and a fellow member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. Ms. Ho has over 20 years of experience in the company secretarial area. She is currently the joint company secretary of China Polymetallic Mining Limited and China Rundong Auto Group Limited, and the company secretary of Sun Art Retail Group Limited, Yashili International Holdings Ltd, Goodbaby International Holdings Limited and Natural Beauty Bio-Technology Limited, all companies are listed on the Hong Kong Stock Exchange.

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Our senior management comprises our executive Directors, our joint company secretaries and the following persons:

Mr. Yang Jianbo, aged 49, senior engineer. Mr. Yang graduated from Northeast Industrial College in 1988 with a bachelor's degree in ore processing. From 1988 to 1992, Mr. Yang served as a technician of the Lengshui ore processing plant and deputy head of the control center of Luoyang Luanchuan Molybdenum Company. From 1992 to 1999, Mr. Yang served as deputy manager of Luoyang Luanchuan Molybdenum Company, deputy head of the Lengshui ore processing plant and deputy head of the Majuan ore processing plant. From 1999 to 2002, Mr. Yang served as deputy head of the science and technology department of Luoyang Luanchuan Molybdenum Group Co., Ltd. and manager of the No. 2 ore processing branch company of Luoyang Luanchuan Molybdenum Group Co., Ltd.. From November 2002 to August 2006, Mr. Yang served as a director and deputy general manager of Luoyang Luanchuan Molybdenum Group Co., Ltd.. He served as deputy general manager of the Company since August 2006.

Mr. Wang Bin, aged 48, professional-level senior engineer. Mr. Wang graduated from Central South University of Technology (now known as Central South University) in 1989 with a bachelor's degree in geological and mineral exploration. Mr. Wang obtained his MBA degree from Hunan University of Science and Technology in December 2013. From 1989 to 1996, Mr. Wang was a technician and a deputy head of Luanchuan County Mineral Company. From 1996 to 1998, Mr. Wang served as an office secretary of Luanchuan County People's Government. From 1998 to 1999, Mr. Wang was a deputy manager of LCMCC. From 1999 to 2002, Mr. Wang served Luoyang Luanchuan Molybdenum Group Co., Ltd. in the positions of board secretary, deputy head of the business planning department and manager of the mine branch company. From November 2002 to August 2006, Mr. Wang served as a director and deputy general manager of Luoyang Luanchuan Molybdenum Group Co., Ltd.. From January 2005 to January 2009, Mr. Wang concurrently acted as an executive director and general manager of Luoyang High Tech Molybdenum & Tungsten Materials Co., Ltd.. Mr. Wang served as deputy general manager of the Company since August 2006. Mr. Wang was awarded as "Ten Outstanding Young Persons in Henan Province" (河南省十大傑出青年), Outstanding Expert in Luoyang City (洛陽市優秀專家) and Technical Specialist on Metallurgy and Building Materials Enterprises in the Group of Top Talents and Specialists for Developing Henan through Science and Education (省科教興豫高級人才專家團冶金建材企業科技專家) in 2006.

Mr. Jiang Zhongqiang, aged 48, has been our deputy general manager since January 2014. Mr. Jiang graduated from Harbin University of Science and Technology (哈爾濱科學技術大學) in July 1989 with a bachelor's degree in engineering. Mr. Jiang previously served as the supervisor of the Shanghai office of the sales department of Beijing State-owned Factory No. 798 (北京國營第798廠); the business manager of Beijing Murata Electronics Co., Ltd. (北京村田電子有限公司); the deputy director of sales and deputy director of production at Beijing Leader & Harvest Electric Technologies Co., Ltd. (北京利德華福電子技術有限公司). Mr. Jiang joined the Company in December 2012 and assumed the positions of assistant general manager, manager of sales and head of marketing administration department.

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Li Chaochun (*Chairman*)
Li Faben
Wang Qinx
Gu Meifeng
Wu Wenjun

Non-Executive Directors

Yuan Honglin
Zhang Yufeng

Independent Non-Executive Directors

Bai Yanchun
Cheng Gordon
Xu Shan
Xu Xu*

Supervisors

Zhang Zhenhao (*Chairman of the supervisory committee*)
Yin Dongfang
Deng Jiaoyun (resigned on 19 January 2015)
Wang Zhengyan (appointed as the staff
representative supervisor on 19 January 2015)

BOARD COMMITTEES

Remuneration Committee

Bai Yanchun (*Chairman*)
Xu Xu*
Yuan Honglin

Audit Committee

Xu Shan (*Chairman*)
Cheng Gordon
Zhang Yufeng

Strategic Committee

Li Chaochun (*Chairman*)
Li Faben
Bai Yanchun
Xu Xu*

Nomination Committee

Bai Yanchun (*Chairman*)
Li Chaochun (*Vice Chairman*)
Xu Shan
Cheng Gordon
Xu Xu*

Supervisory Committee

Zhang Zhenhao (*Chairman*)
Yin Dongfang
Deng Jiaoyun (resigned on 19 January 2015)
Wang Zhengyan (appointed as the staff
representative supervisor on 19 January 2015)

BOARD SECRETARY

Zhang Xinhui

REGISTERED OFFICE IN THE PRC

North of Yihe, Huamei Shan Road,
Chengdong New District, Luanchuan County,
Luoyang City, Henan Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN THE PRC

North of Yihe, Huamei Shan Road,
Chengdong New District, Luanchuan County,
Luoyang City, Henan Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 54, Hopewell Centre, 183 Queen's Road East,
Hong Kong

LEGAL REPRESENTATIVE

Li Chaochun

AUTHORIZED REPRESENTATIVES

Li Chaochun
Ho Siu Pik

* Mr. Xu has tendered his resignation as an independent non-executive Director but continues to perform his duties as an independent non-executive Director, member of the nomination committee, remuneration committee and strategic committee of the Company until the conclusion of the forthcoming annual general meeting. For details, please refer to the announcements of the Company dated 7 February 2014 and 23 March 2015 respectively.

JOINT COMPANY SECRETARIES

Zhang Xinhui
Ho Siu Pik (FCS, FCIS)

ENQUIRY DEPARTMENT OF THE COMPANY

Office of the Board of Directors

INFORMATION ENQUIRY TELEPHONE NO. OF THE COMPANY

(+86) 379 6865 8017

SHANGHAI A SHARE REGISTRAR

China Securities Depository and
Clearing Company Limited, Shanghai Branch
36/F, China Insurance Building,
No. 166 Lujiazui Road East,
Pudong New Area,
Shanghai, the PRC

HONG KONG H SHARE REGISTRAR

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

PLACES OF LISTING

Place of listing of A share — Shanghai Stock Exchange
Place of listing of H share — The Stock Exchange of
Hong Kong Limited

NAME OF THE STOCK

China Molybdenum Co., Ltd. (CMOC)

STOCK CODE

Stock code of A share: 603993 (*Listed on 9 October 2012*)
Stock code of H share: 03993 (*Listed on 26 April 2007*)

PRINCIPAL BANKERS

1. Industrial and Commercial Bank of China Limited
2. Agricultural Bank of China Limited
3. China Construction Bank Corporation
4. Bank of China Limited
5. China Minsheng Banking Corp., Ltd.
6. China CITIC Bank Corporation Limited
7. China Development Bank Corporation

AUDITOR

Deloitte Touche Tohmatsu Certified Public Accountants LLP
(Special General Partnership)

LEGAL ADVISORS

As to Hong Kong law:

Morrison & Foerster (Service term expired
on 30 September 2014)
33/F Edinburgh Tower, The Landmark
15 Queen's Road Central
Central
Hong Kong

YTL & CO.
Units F&G, 12/F, Golden Sun Centre
59-67 Bonham Strand West
Hong Kong

As to PRC law:

Llinks Law Offices
19/F, One Lujiazui
68 Yin Cheng Road Middle
Shanghai
the PRC

WEBSITE

www.chinamoly.com

AUDIT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

De Shi Bao (Shen) Zi (15) No. P0488

To all shareholders of China Molybdenum Co., Ltd.,

We have audited the accompanying financial statements of China Molybdenum Co., Ltd. (hereinafter referred to as "China Molybdenum"), including consolidated balance sheets of the Company as at 31 December 2014, the consolidated profit statements of the Company of 2014, consolidated statements of changes in shareholders' equity and consolidated cash flows statements and notes to the financial statements.

I. RESPONSIBILITIES OF THE MANAGEMENT ON FINANCIAL STATEMENTS

Preparation and fair presentation of financial statements are the responsibilities of China Molybdenum's management. This responsibility includes: (1) to prepare financial statements according to the provisions of Accounting Standards for Business Enterprises, and realize fair reflecting; (2) to design, implement and maintain the necessary internal control in order to prevent the financial statements from being materially misstated due to fraud or errors.

II. RESPONSIBILITIES OF THE CERTIFIED PUBLIC ACCOUNTANT

Our responsibility is to deliver our auditing opinions about the financial statements on the basis of implementation of the audit work. We implement our audit work in accordance with the stipulation of Audit Standards of Chinese Certified Public Accountant. Those standards require us to comply with the codes of professional ethics of Chinese Certified Public Accountant, plan and perform the audit work to obtain reasonable assurance as to whether financial statements are free of material misstatement or not.

Audit work involves the implementation of audit procedures, in order to obtain the related amounts of financial statements and the disclosed audit evidence. The auditing procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements due to fraud or error. For risk assessment, certified public accountants consider internal controls associated with financial statements preparation and fair presentation in order to design appropriate auditing procedures. The audit work includes evaluating the appropriateness of the accounting policies selected by management and the reasonableness of making accounting estimation, as well as evaluating the overall presentation of financial statements.

We believe that the audit evidences obtained by us are sufficient and appropriate, which provide the basis for publishing the audit opinions.

III. AUDIT OPINIONS

We think that the financial statement of China Molybdenum is compiled in accordance with the Accounting Standards for Business Enterprises on all important aspects, and fairly reflects the financial condition of China Molybdenum as at 31 December 2014 as well as the operating results and cash flow of the Company in 2014.

Deloitte Touche Tohmatsu Certified Public Accountants LLP

Shanghai, China
23 March 2015

Chinese Certified Public Accountant:

Chinese Certified Public Accountant:

CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER 2014

Unit: RMB

Item	Notes	Year-end balance	Opening balance
Current assets:			
Monetary capital	(V) 1	9,325,581,044.71	1,882,647,897.27
Bills receivables	(V) 2	1,158,139,987.39	1,591,402,447.61
Accounts receivables	(V) 3	851,358,849.42	805,679,742.94
Prepayments	(IV) 4	272,450,320.91	297,345,943.53
Interests receivable		55,295,452.15	452,860.33
Dividends receivable	(V) 5	61,226,476.23	—
Other receivables	(V) 6	48,949,578.33	72,517,407.57
Inventories	(V) 7	432,754,646.84	820,996,265.56
Other current assets	(V) 8	2,559,100,452.85	1,701,577,473.05
Total current assets:		14,764,856,808.83	7,172,620,037.86
Non-current assets:			
Available-for-sale financial assets	(V) 9	4,928.00	204,928.00
Long-term equity investment	(V) 10	1,484,565,921.78	1,598,257,270.92
Fixed assets	(V) 11	4,983,502,274.40	5,876,304,885.87
Construction in progress	(V) 12	372,524,643.53	493,586,919.64
Inventories	(V) 7	307,737,812.71	334,515,072.36
Intangible assets	(V) 13	3,915,838,078.45	4,425,899,735.38
Long-term deferred expenses	(V) 14	115,221,782.30	128,517,647.63
Deferred tax assets	(V) 15	307,825,177.99	140,019,796.25
Other non-current assets	(V) 16	1,802,798,943.92	1,729,212,246.72
Total non-current assets		13,290,019,563.08	14,726,518,502.77
Total assets		28,054,876,371.91	21,899,138,540.63
Current liabilities:			
Short-term borrowings	(V) 17	305,950,000.00	224,344,311.98
Financial liabilities measured at the fair value and changes of which are included in current profits and losses	(V) 18	998,690,650.00	357,251,970.00
Notes payable	(V) 19	156,900,000.00	27,910,000.00
Accounts payable	(V) 20	192,793,812.46	197,385,526.41
Account collected in advance	(V) 21	76,780,913.29	61,827,310.76
Employee pay payable	(V) 22	137,777,636.28	146,914,601.55
Tax payable	(V) 23	207,789,199.47	(63,559,475.84)
Interest payable	(V) 24	47,062,873.80	55,733,935.24
Dividends payable	(V) 25	27,885,796.67	57,085,715.06
Other payable	(V) 26	253,313,764.07	568,214,130.26
Non-current liabilities due within one year	(V) 27	578,277,474.64	390,708,567.70
Other current liabilities	(V) 28	16,651,701.67	20,202,200.99
Total current liabilities		2,999,873,822.35	2,044,018,794.11

CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER 2014

Unit: RMB

Item	Notes	Year-end balance	Opening balance
Non-current liabilities:			
Long-term loan	(V) 29	4,160,920,000.00	4,664,128,500.00
Bonds payable	(V) 30	5,438,722,886.26	2,000,000,000.00
Provision	(V) 31	280,949,808.78	243,513,209.64
Other non-current liabilities	(V) 32	29,876,208.25	54,825,730.13
Total non-current liabilities		9,910,468,903.29	6,962,467,439.77
Total liabilities		12,910,342,725.64	9,006,486,233.88
Shareholders' equity:			
Capital stock	(V) 33	1,015,234,105.00	1,015,234,105.00
Capital reserve	(V) 34	9,529,866,110.21	8,102,977,121.92
Other comprehensive income	(V) 35	(208,549,984.41)	(51,029,120.69)
Special reserve	(V) 36	271,924,909.24	199,586,093.33
Surplus reserves	(V) 37	704,898,171.11	704,898,171.11
Undistributed profit	(V) 38	3,320,200,571.47	2,206,609,158.00
Total sum attributable to the parent company shareholders' equity		14,633,573,882.62	12,178,275,528.67
Minority interests		510,959,763.65	714,376,778.08
Total shareholders' equity		15,144,533,646.27	12,892,652,306.75
Total liabilities and shareholders' equity		28,054,876,371.91	21,899,138,540.63

The notes form a constituent part of these financial statements

The financial statement shall be signed by the following principal:

Legal representative:

Person in charge of accounting work:

Person in charge of
the accounting department:

BALANCE SHEET OF THE COMPANY

FOR THE YEAR ENDED 31 DECEMBER 2014

RMB Yuan

Items	Notes	Year-end balance	Opening balance
Current assets:			
Monetary capital:	(XIV) 1	8,766,902,280.21	1,296,225,259.30
Bills receivables	(XIV) 2	950,664,698.73	1,532,198,858.49
Accounts receivables	(XIV) 3	233,071,005.64	79,874,780.99
Prepayments	(XIV) 4	36,974,216.30	15,611,991.69
Interest receivable		55,295,452.05	131,263,834.40
Dividends receivable		105,232,560.31	108,312,560.31
Other receivables	(XIV) 5	1,454,722,161.09	1,731,121,391.74
Inventories	(XIV) 6	112,884,022.50	158,400,078.53
Other current assets		2,553,775,793.88	1,685,456,006.01
Total current assets		14,269,522,190.71	6,738,464,761.46
Non-current assets:			
Available-for-sale financial assets	(XIV) 7	4,928.00	204,928.00
Long-term equity investment	(XIV) 8	4,408,443,173.36	5,357,730,732.44
Fixed assets	(XIV) 9	1,546,205,153.86	1,658,096,510.88
Construction in process		77,474,534.99	96,286,476.83
Intangible assets	(XIV) 10	523,558,406.20	558,953,398.22
Long-term deferred expenses		112,202,119.15	122,350,554.82
Deferred tax assets	(XIV) 11	117,806,711.58	36,735,752.23
Other non-current assets	(XIV) 13	1,717,165,520.29	1,641,635,056.42
Total non-current assets		8,502,860,547.43	9,471,993,409.84
Total assets		22,772,382,738.14	16,210,458,171.30
Current liabilities:			
Short-term borrowings	(XIV) 14	305,950,000.00	127,568,106.88
Financial liabilities measured at the fair value and changes of which are included in current profits and losses	(XIV) 15	998,690,650.00	356,963,220.00
Accounts payable		102,002,561.58	92,199,139.88
Account collected in advance		1,646,515.85	1,658,254.42
Employee pay payable		70,706,194.54	79,940,117.22
Tax payable	(XIV) 16	25,431,076.58	(28,101,095.82)
Interest payable		54,764,485.86	64,730,326.94
Dividends payable		—	—
Other payable		1,456,184,591.15	942,347,593.73
Non-current liabilities due within one year		11,947,932.96	466,111.70
Other current liabilities	(XIV) 17	76,799,059.54	79,072,854.40
Total current liabilities		3,104,123,068.06	1,716,844,629.35

BALANCE SHEET OF THE COMPANY

FOR THE YEAR ENDED 31 DECEMBER 2014

RMB Yuan

Items	Notes	Year-end balance	Opening balance
Bonds payable	(V) 30	5,438,722,886.26	2,000,000,000.00
Accrued liabilities	(XIV) 18	47,570,371.67	47,570,371.67
Other non-current liabilities		19,210,865.20	30,293,625.10
Total non-current liabilities		5,505,504,123.13	2,077,863,996.77
Total liabilities		8,609,627,191.19	3,794,708,626.12
Capital stock	(V) 33	1,015,234,105.00	1,015,234,105.00
Capital reserve	(V) 34	9,529,866,110.21	8,102,977,121.92
Special reserve		271,924,909.24	199,381,120.18
Surplus reserves	(V) 37	704,898,171.11	704,898,171.11
Undistributed profit		2,640,832,251.39	2,393,259,026.97
Total shareholders' equity		14,162,755,546.95	12,415,749,545.18
Total liabilities and owners' equities (shareholders' equity)		22,772,382,738.14	16,210,458,171.30

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

RMB Yuan

Items	Notes	Balance of current year	Balance of last year
I. Operating total income	(V) 39	6,662,382,123.45	5,536,469,246.73
Among which: operating income		6,662,382,123.45	5,536,469,246.73
Minus: operating costs	(V) 39	3,871,429,795.40	3,733,468,267.20
Business tax and surcharges	(V) 40	349,981,670.62	270,681,417.11
Selling expenses		99,817,516.25	26,909,956.33
Administration expenses	(V) 41	448,352,128.52	686,204,836.52
Financial cost	(V) 42	181,697,640.05	103,227,553.28
Asset impairment loss	(V) 43	105,559,909.17	87,704,184.08
Plus: Gains (losses) from changes in fair value (loss is filled in column with "-")	(V) 44	888,370.00	8,269,939.71
Income from investment (loss is filled in column with "-") Among which: Investment income for associates and joint ventures	(V) 45	531,758,189.98	373,417,961.32
		86,466,625.43	157,560,072.96
II. Operating profit (loss is filled in column with "-")		2,138,190,023.42	1,009,960,933.24
Plus: Non-operating income	(V) 46	66,656,292.09	246,601,099.22
Among which: the income from non-current assets disposition		21,670,101.53	166,833.13
Minus: Non-operating expenses	(V) 47	56,786,238.27	20,379,818.34
Among which: the losses of non-current assets disposition		51,055,392.73	4,610,406.83
III. Total profit (the total loss is filled in column with "-")		2,148,060,077.24	1,236,182,214.12
Minus: Income tax expenses	(V) 48	347,858,293.20	151,271,401.35
IV. Net profit (the total loss is filled in column with "-")		1,800,201,784.04	1,084,910,812.77
Net profit attributable to the owners of the parent company		1,824,255,286.97	1,174,203,715.57
Profit or loss attributable to minority interests		(24,053,502.93)	(89,292,902.80)
V. Other comprehensive net income after tax	(V) 35	(157,520,863.72)	(48,970,530.23)
After-tax net amount of other comprehensive income attributable to the owner of the parent company		(157,520,863.72)	(48,970,530.23)
(I) Other comprehensive income not to be classed into the profit and loss		—	—
(II) Other comprehensive income to be classed into the of profit and loss		(157,520,863.72)	(48,970,530.23)
Among which: Exchange difference arising on translation of financial statement denominated in foreign currency		(157,520,863.72)	(48,970,530.23)
After-tax net amount of other comprehensive income attributable to minority interests		—	—
VI. Total comprehensive income		1,642,680,920.32	1,035,940,282.54
Total comprehensive income amount attributable to owners of parent company		1,666,734,423.25	1,125,233,185.34
Comprehensive income total amount attributable to minority interests		(24,053,502.93)	(89,292,902.80)
VII. Earnings Per Share (EPS):	(V) 49		
(I) Basic earnings per share		0.36	0.23
(II) Diluted earnings per share		0.36	Not applicable

INCOME STATEMENT OF THE COMPANY

FOR THE YEAR ENDED 31 DECEMBER 2014

RMB Yuan			
Items	Notes	Balance of current year	Balance of last year
I. Operating income	(XIV) 19	2,923,597,695.01	3,005,999,313.31
Minus: operating costs	(XIV) 19	1,281,222,720.63	1,276,218,140.01
Business tax and surcharges	(XIV) 20	266,740,976.43	254,663,353.33
Selling expenses		905,147.17	—
Administration expenses	(XIV) 21	291,112,806.31	255,102,527.64
Financial cost	(XIV) 22	58,921,863.45	64,336,874.55
Asset impairment loss	(XIV) 23	686,314,253.13	10,190,979.01
Plus: Gains (losses) from changes in fair value (loss is filled in column with "-")		(2,362,130.00)	3,761,820.00
Income from investment (loss is filled in column with "-") Among which: Investment income for associated enterprises and cooperative enterprises	(XIV) 24	734,608,221.82	390,976,887.34
		96,270,415.49	7,560,072.96
II. Operating profit (loss is filled in column with "-")		1,070,626,019.71	1,540,226,146.11
Plus: Non-operating income	(XIV) 25	63,009,416.34	46,267,390.20
Minus: Non-operating expenses	(XIV) 26	4,170,838.84	15,614,223.01
Among which: the losses of non-current assets disposition		—	42,583.27
III. Total profit (the total loss is filled in column with "-")		1,129,464,597.21	1,570,879,313.30
Minus: Income tax expenses	(XIV) 27	171,227,499.29	194,779,728.86
IV. Net profit (the total loss is filled in column with "-")		958,237,097.92	1,376,099,584.44
V. Other comprehensive income		—	—
VI. Total comprehensive income		958,237,097.92	1,376,099,584.44

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

RMB Yuan

Items	Note V	Balance of current year	Balance of last year
I. Cash flow from operating activities:			
Cash received for selling goods and for providing labor services		7,859,617,868.81	5,842,111,942.08
Receipts of tax refunds		—	—
Other cash receipts related to operating activities	50(1)	119,587,736.21	74,521,419.31
Sub-total of cash inflow of operating activities		7,979,205,605.02	5,916,633,361.39
Cash payments for goods purchased and services received		2,372,217,158.40	2,772,092,075.27
Cash payments to and on employees		691,883,777.41	635,434,743.94
Payments of various types of taxes		1,092,799,630.87	922,476,327.89
Other cash paid relating to operating activities	50(2)	187,257,901.17	214,915,838.49
Sub-total of cash outflows of operating activities		4,344,158,467.85	4,544,918,985.59
Net cash flow of the operating activities		3,635,047,137.17	1,371,714,375.80
II. Cash flows from investing activities:			
Cash receipts from investments	50(3)	4,668,357,974.57	4,980,406,928.42
Cash receipts from investment income		292,301,129.18	430,012,687.91
Net cash receipts from disposals of fixed assets, intangible assets, and other long-term assets		73,233,797.38	3,261,701.50
Cash receipts from acquisitions or disposals of subsidiaries and other business units	50(4)	814,373,425.01	186,832,429.95
Other cash receipts relating to investing activities	50(5)	34,200,000.00	—
Sub-total of cash inflows of investing activities		5,882,466,326.14	5,600,513,747.78
Cash payments for acquisitions or disposals of subsidiaries and other business units		—	4,846,769,844.81
Cash payments to acquire or construct of fixed assets, intangible assets and other long-term assets		601,565,585.43	593,705,253.52
Cash payments to acquire investments	50(6)	9,229,000,000.00	4,345,000,000.00
Other cash payments relating to investing activities	50(7)	131,158,843.62	125,391,150.21
Sub-total of cash outflows of investing activities		9,961,724,429.05	9,910,866,248.54
Net cash flow from investing activities		(4,079,258,102.91)	(4,310,352,500.76)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

		RMB Yuan	
Items	Note V	Balance of current year	Balance of last year
III. Cash flows from financing activities:			
Cash receipts from capital contributions		—	—
Including: cash receipts from capital contributions from minority owners of subsidiaries		—	—
Cash receipts from borrowings		5,326,397,956.20	5,800,113,211.98
Other cash receipts relating to financing activities	50(8)	992,093,300.00	352,728,000.00
Sub-total of cash inflows of financing activities		6,318,491,256.20	6,152,841,211.98
Cash payments of borrowings		628,820,161.77	660,000,000.00
Cash payments for distribution of dividends or profits and settlement of interests		974,258,892.86	854,729,859.54
Other cash payments relating to financing activities	50(9)	426,161,875.11	1,353,186,087.58
Sub-total of cash outflow of financing activities		2,029,240,929.74	2,867,915,947.12
Net cash flow from financing activities		4,289,250,326.46	3,284,925,264.86
IV. Effect of exchange rate changes on cash and cash equivalents			
		(24,041,546.34)	(5,340,750.27)
V. Net increase in cash and cash equivalents			
Add: Opening balance of cash and cash equivalents	51(2)	3,820,997,814.38	340,946,389.63
		1,804,583,230.33	1,463,636,840.70
VI. Closing balance of cash and cash equivalents			
	51(2)	5,625,581,044.71	1,804,583,230.33

CASH FLOW STATEMENT OF PARENT COMPANY

FOR THE YEAR ENDED 31 DECEMBER 2014

RMB Yuan

Items	Balance of current year	Balance of last year
I. Cash flow from operating activities:		
Cash received for selling goods and for providing labor services	3,848,454,435.24	3,301,108,314.64
Receipts of tax refunds	—	—
Other cash receipts related to operating activities	96,838,911.11	53,456,788.14
Sub-total of cash inflow of operating activities	3,945,293,346.35	3,354,565,102.78
Cash payments for goods purchased and services received	748,338,392.94	883,645,252.23
Cash payments to and on employees	344,246,622.66	322,114,170.28
Payments of various types of taxes	909,975,839.20	899,155,839.47
Other cash paid relating to operating activities	170,805,205.00	100,715,349.91
Sub-total of cash outflows of operating activities	2,173,366,059.80	2,205,630,611.89
Net cash flow of the operating activities	1,771,927,286.55	1,148,934,490.89
II. Cash flows from investing activities:		
Cash receipts from acquisitions or disposals of subsidiaries and other business units	917,002,400.00	217,881,222.82
Cash receipts from investments	4,668,357,974.57	3,408,265,038.05
Cash receipts from investment income	573,330,624.43	394,592,512.40
Net cash receipts from disposals of fixed assets, intangible assets, and other long-term assets	85,247,596.95	2,444,661.02
Other cash receipts relating to investing activities	6,368,670,615.08	5,283,987,296.50
Sub-total of cash inflows of investing activities	12,612,609,211.03	9,307,170,730.79
Cash payments to acquire or construct of fixed assets, intangible assets and other long-term assets	100,557,886.04	43,167,552.73
Cash payments to acquire investments	9,233,600,000.00	3,886,011,897.48
Other cash payments relating to investing activities	6,388,570,640.53	5,478,090,881.44
Sub-total of cash outflows of investing activities	15,722,728,526.57	9,407,270,331.65
Net cash flow from investing activities	(3,110,119,315.54)	(100,099,600.86)

CASH FLOW STATEMENT OF PARENT COMPANY

FOR THE YEAR ENDED 31 DECEMBER 2014

Items	Balance of current year	RMB Yuan Balance of last year
III. Cash flows from financing activities:		
Cash receipts from capital contributions	—	777,568,106.88
Cash receipts from borrowings	5,301,573,934.48	—
Other cash receipts relating to financing activities	2,893,939,412.23	3,509,992,003.53
Sub-total of cash inflows of financing activities	8,195,513,346.71	4,287,560,110.41
Cash payments of borrowings	281,328,213.33	650,000,000.00
Cash payments for distribution of dividends or profits and settlement of interests	848,463,119.18	838,977,375.08
Other cash payments relating to financing activities	1,904,348,637.85	3,836,643,064.91
Sub-total of cash outflow of financing activities	3,034,139,970.36	5,325,620,439.99
Net cash flow from financing activities	5,161,373,376.35	(1,038,060,329.58)
IV. Effect of exchange rate changes on cash and cash equivalents	—	—
V. Net increase in cash and cash equivalents	3,823,181,347.36	10,774,560.45
Add: Opening balance of cash and cash equivalents	1,243,720,932.85	1,232,946,372.40
VI. Closing balance of cash and cash equivalents	5,066,902,280.21	1,243,720,932.85

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY OF THE COMPANY

FOR THE YEAR ENDED 31 DECEMBER 2014

RMB Yuan

Items	Balance of current year								
	Attributable to owners of the Company							Minority equities	Total owners' equity
	Capital stock	Capital reserve	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profit			
I. Balance at the beginning of 2014	1,015,234,105.00	8,102,977,121.92	(51,029,120.69)	199,586,093.33	704,898,171.11	2,206,609,158.00	714,376,778.08	12,892,652,306.75	
II. Increase and decrease amount of current year	—	—	—	—	—	—	—	—	
(I) Total comprehensive income	—	—	(157,520,863.72)	—	—	1,824,255,286.97	(24,053,502.93)	1,642,680,920.32	
(II) Capital invested and decreased by shareholders	—	—	—	—	—	—	—	—	
1. Capital invested by shareholders	—	—	—	—	—	—	—	—	
2. Disposal of subsidiaries reduces	—	—	—	(706,244.20)	—	—	(179,615,762.64)	(180,322,006.84)	
3. Others (note):	—	1,426,888,988.29	—	—	—	—	—	1,426,888,988.29	
(III) Distribution of profit	—	—	—	—	—	—	—	—	
1. Extract surplus reserve	—	—	—	—	—	—	—	—	
2. Distributions to shareholders	—	—	—	—	—	(710,663,873.50)	—	(710,663,873.50)	
(IV) Special reserves	—	—	—	—	—	—	—	—	
1. Extract in current year	—	—	—	374,270,881.64	—	—	2,791,786.73	377,062,668.37	
2. Use in current year	—	—	—	(301,225,821.53)	—	—	(2,539,535.59)	(303,765,357.12)	
III. Balance at the end of 2014	1,015,234,105.00	9,529,866,110.21	(208,549,984.41)	271,924,909.24	704,898,171.11	3,320,200,571.47	510,959,763.65	15,144,533,646.27	
	Balance of last year								
	Attributable to owners of the Company							Minority Interests	Total owners' equity
Items	Capital stock	Capital reserve	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profit			
I. Balance at the beginning of 2013	1,015,234,105.00	8,102,977,121.92	(2,058,590.46)	78,938,263.32	704,898,171.11	1,641,545,905.43	829,859,172.33	12,371,394,148.65	
II. Increase and decrease amount of current year	—	—	—	—	—	—	—	—	
(I) Total comprehensive income	—	—	(48,970,530.23)	—	—	1,174,203,715.57	(89,292,902.80)	1,035,940,282.54	
(II) Capital invested and decreased by shareholders	—	—	—	—	—	—	—	—	
1. Capital invested by shareholders	—	—	—	—	—	—	—	—	
(III) Distribution of profit	—	—	—	—	—	—	—	—	
1. Extract surplus reserve	—	—	—	—	—	—	—	—	
2. Distributions to shareholders	—	—	—	—	—	(609,140,463.00)	(26,239,916.39)	(635,380,379.39)	
(IV) Special reserves	—	—	—	—	—	—	—	—	
1. Extract in current year	—	—	—	432,511,763.58	—	—	16,539,261.34	449,051,024.92	
2. Use in current year	—	—	—	(311,863,933.57)	—	—	(16,488,836.40)	(328,352,769.97)	
III. Balance at the end of 2013	1,015,234,105.00	8,102,977,121.92	(51,029,120.69)	199,586,093.33	704,898,171.11	2,206,609,158.00	714,376,778.08	12,892,652,306.75	

Note: Convertible equity value generated from convertible bonds. Please refer to Note (V), 30 and 34.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY

FOR THE YEAR ENDED 31 DECEMBER 2014

RMB Yuan

Items	Balance of current year					
	Capital stock	Capital reserve	Special reserve	Surplus reserves	Undistributed profit	Total owners' equity
I. Balance at the beginning of 2014	1,015,234,105.00	8,102,977,121.92	199,381,120.18	704,898,171.11	2,393,259,026.97	12,415,749,545.18
II. Increase and decrease amount of current year	—	—	—	—	—	—
(I) Total comprehensive income	—	—	—	—	958,237,097.92	958,237,097.92
(II) Capital invested and decreased by shareholders	—	—	—	—	—	—
1. Capital invested by shareholders	—	—	—	—	—	—
2. Others:	—	1,426,888,988.29	—	—	—	1,426,888,988.29
(III) Distribution of profit	—	—	—	—	—	—
1. Extract surplus reserve	—	—	—	—	—	—
2. Distributions to shareholders	—	—	—	—	(710,663,873.50)	(710,663,873.50)
(IV) Special reserves	—	—	—	—	—	—
1. Extract in current year	—	—	365,350,091.54	—	—	365,350,091.54
2. Use in current year	—	—	(292,806,302.48)	—	—	(292,806,302.48)
III. Balance at end of 2014	1,015,234,105.00	9,529,866,110.21	271,924,909.24	704,898,171.11	2,640,832,251.39	14,162,755,546.95
	Balance of last year					
Items	Capital stock	Capital reserve	Special reserve	Surplus reserves	Undistributed profit	Total owners' equity
I. Balance at the beginning of 2013	1,015,234,105.00	8,102,977,121.92	78,466,587.27	704,898,171.11	1,626,299,905.53	11,527,875,890.83
II. Increase and decrease amount of current year	—	—	—	—	—	—
(I) Total comprehensive income	—	—	—	—	1,376,099,584.44	1,376,099,584.44
(II) Capital invested and decreased by shareholders	—	—	—	—	—	—
1. Capital invested by shareholders	—	—	—	—	—	—
(III) Distribution of profit	—	—	—	—	—	—
1. Extract surplus reserve	—	—	—	—	—	—
2. Distributions to shareholders	—	—	—	—	(609,140,463.00)	(609,140,463.00)
(IV) Special reserves	—	—	—	—	—	—
1. Extract in current year	—	—	394,498,225.30	—	—	394,498,225.30
2. Use in current year	—	—	(273,583,692.39)	—	—	(273,583,692.39)
III. Balance at end of 2013	1,015,234,105.00	8,102,977,121.92	199,381,120.18	704,898,171.11	2,393,259,026.97	12,415,749,545.18

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(I) BASIC INFORMATION ABOUT THE COMPANY

China Molybdenum Co., Ltd. (the “Company”) was incorporated in the PRC on 25 August 2006 as a joint-stock limited company in preparation for the listing of the Companies on the Hong Kong Stock Exchange by Luoyang Mining Group Co., Ltd. (“LMG”) and Cathay Fortune Corporation (“CFC”).

On 3 December 2006, the Extraordinary General Assembly resolutions and the China Securities Supervision and Administration Commission Guo He Zi [2007] No.7, approved to issue not more than 1,246.1 million shares of overseas listed shares (including the over-allotment of 162.5 million shares), with a par value of Renminbi (“RMB”) 0.2 each ordinary share. On 25 April 2007 the company issued 1,083.6 million shares of overseas listed shares with a par value of RMB0.2 each ordinary share on 26 April 2007. After the public offering on the Hong Kong Stock Exchange, the company’s share capital totaled 4,767.81 million shares.

On 4 May 2007, the Company issued 108.36 million shares of the over-allotment shares with a par value RMB0.2, after the over-allotment, the Company’s share capital totaled 4,876.17 million shares.

On 16 July 2012, according to Commission License [2012] No. 942 “The initial public offering (IPO) on the approval of Luoyang Molybdenum Co., Ltd.” issued by China Securities Regulatory Commission (the “CSRC”) the Company was approved to issue no more than 542 million RMB ordinary shares (A share). Up to 26 September 2012, the Company had issued 200,000,000 shares of RMB ordinary shares (A share) with a nominal value of RMB0.20 per share. Those shares are traded on the Shanghai Stock Exchange from 9 October 2012. The Company’s share capital totaled 5,076.17 million shares after the issuance of A shares. Details are set out in Note (V) and 33.

On 24 November 2014, China Securities Regulatory Commission approved a total public offering of RMB4,900,000,000.00 of convertible bonds by the Company with ZJXK[2014] No. 1246 Paper On Reply of Public Offering of Convertible Company Bonds by China Molybdenum Co., Ltd., and the Company completed issuance on 8 December 2014.

The Company together with its subsidiaries (collectively as “the Group”) is an integrated producer of molybdenum in the People’s Republic of China (“PRC”). its operations consists of molybdenum mining, floating, smelting and refining to produce molybdenum and other related products, including molybdenum oxide, ferromolybdenum, molybdenum concentrate, tungsten concentrate, mining and exploring to produce copper, gold and silver and sulfuric acid.

The registered office and principle and principal place of business is North of Yihe, Huamei Shan Road, Chengdong New District, Luanchuan County, Luoyang City, Henan Province, PRC.

(II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

The Accounting Standards for Business Enterprises (including new and revised accounting standards issued in 2014) and related regulations are issued by the Ministry of Finance and executed by the Group In addition, the financial statement will also disclose relevant financial information in accordance with the Information Disclosure and Preparation Rules of Company that Public Offering Securities No. 15-General Provisions of Financial Report (2014 revision). In addition, the financial statement also includes the related disclosures in accordance with the Company Ordinance of Hong Kong, and required by Listing Rules at the Stock Exchange of Hong Kong.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Declaration following ASBE (Accounting Standards for Business Enterprises)

The financial statements of the Company have been prepared in accordance with ASBE, and present truly and completely, the Company's and consolidated financial position as of 31 December 2014, and the Company's and consolidated results of operations and cash flows for the year then end.

2. Accounting period

The Group has adopted the calendar year as its accounting year i.e. from 1 January to 31 December.

3. Operating cycle

The operating cycle refers to the period from purchase of assets used for processing to realization of cash or cash equivalents. The Company's operating cycle is usually 12 months.

4. Accounting currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries choose RMB as their functional currency. The Company's foreign subsidiaries choose the currency of the main economic environment where the operating business is located as its recording currency. The Group adopts RMB to prepare its financial statements.

5. Bookkeeping basis and pricing principle

The Group has adopted the accrual basis of accounting. Except for certain financial instruments measured at fair value, the Group adopts the historical cost as the principle of measurement in the financial statements. Where assets are impaired, provisions for assets impairment are made in accordance with the relevant regulations.

Where the historical cost is adopted as the measurement basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds or assets received or the contractual amounts for assuming the present obligation, or, at the amounts of cash or cash equivalents expected to be paid to settle the liabilities in the normal course of business.

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 valuation technique. Fair value measurement and/or disclosure in the financial statements are determined according to the above basis.

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 unadjusted quoted prices 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION (*Continued*)

6. Accounting treatment of business combination under or not under the common control

Business combinations are classified into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

6.1 *Business combinations involving enterprises under common control*

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

Assets and liabilities obtained are measured at their respective carrying amounts as recorded by the combining entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess is adjusted against retained earnings.

Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred.

6.2 *Business combinations not involving enterprises under common control*

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination.

The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. Where a business combination not involving enterprises under common control is achieved in stages that involve multiple transactions, the cost of combination is the sum of the consideration paid at the acquisition date and the fair value at the acquisition date of the acquirer's previously held interest in the acquiree. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, that meet the recognition criteria are measured at fair value at the acquisition date.

Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognised as goodwill, which is measured at cost on initial recognition. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognises the remaining difference immediately in profit or loss for the current period.

Goodwill arising on a business combination is measured at cost less accumulated impairment losses, and is presented separately in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION (*Continued*)

7. Preparation of consolidated financial statement

7.1 Preparation of consolidated financial statement

The scope of consolidation in the consolidated financial statements is determined on the basis of control. Control exists when the investor 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 over the investee to affect its returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes of the above elements of the definition of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

For a subsidiary acquired through a business combination not involving enterprises under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving enterprises under common control or the party being absorbed under merger by absorption are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the earliest reporting period or from the date when they first came under the common control of the ultimate controlling party are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company.

The effects of all intra-group transactions are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the Company is treated as minority interests and presented as "minority interests" in the consolidated balance sheet within shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to minority interests is presented as "minority interests" in the consolidated income statement below the "net profit" line item.

When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount are still allocated against minority interests.

Acquisition of minority interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Company's interests and minority interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve under owners' equity. If the capital reserve is not sufficient to absorb the difference, the excess are adjusted against retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION *(Continued)*

7. Preparation of consolidated financial statement *(Continued)*

7.1 Preparation of consolidated financial statement *(Continued)*

Where equity interests in an acquiree are acquired in stages through multiple transactions ultimately constituting a business combination not involving entities under common control, the acquirer determines if these transactions are considered to be "a bundled transaction". If yes, these transactions are accounted for as a single transaction where control is obtained. If no, these transactions are accounted for as multiple transactions where control is obtained at the acquisition date; In this case, the acquirer remeasures its previously-held equity interests in the acquiree at their fair value on the acquisition date and recognises any differences between such fair value and carrying amounts in profit or loss for the period. Where equity interests in an acquiree held before the acquisition date involve changes in other comprehensive income or changes in other owners' equity under equity method, they are transferred to income for the period that the acquisition date belongs to.

When the Group loses control over a subsidiary due to disposal of certain equity interest or other reasons, any retained interest is re-measured at its fair value at the date when control is lost. The difference between (i) the aggregate of the consideration received on disposal and the fair value of any retained interest and (ii) the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interest is recognised as investment income in the period in which control is lost, and at the same time adjusted against goodwill. Other comprehensive income associated with investment in the former subsidiary is reclassified to investment income in the period in which control is lost.

Multiple transactions involving disposal of equity investments in a subsidiary until loss of control are usually considered to be a bundled transaction when the conditions and economic impacts of these transactions satisfy with one or multiple following conditions: (1) these transactions are concluded simultaneously or concluded upon consideration of mutual influence; (2) these transactions, as a whole, can achieve a complete business results; (3) occurrence of a transaction depends the occurrence of at least one other transaction; (4) one transaction alone is not economical, but it is economical after consideration together with other transactions. Where multiple transactions involving disposal of equity investments in a subsidiary until loss of control are considered to be a bundled transaction, these multiple transactions are accounted for as a single transaction of disposing of the subsidiary and resulting in loss of control. The difference between the consideration received on each disposal and the corresponding proportion of the subsidiary's net assets calculated on a continuous basis since the acquisition date prior to the loss of control is recognised as other comprehensive income and transferred to profit or loss for the period when the control is eventually lost. Where multiple transactions involving disposal of equity investments in a subsidiary until loss of control are not considered to be a bundled transaction, these transactions are accounted for as independent transactions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION *(Continued)*

8. Classification of joint arrangements and accounting treatment for joint ventures

There are two types of joint arrangements — joint operations and joint ventures. The type of joint arrangements is determined based on the rights and obligations of joint operator to the joint arrangements by considering the factors, such as the structure, the legal form of the arrangements, and the contractual terms, etc. A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement.

The Group adopts the equity method to account the investment in joint ventures. Please specifically refer to Note (III) "15.3.2. Long-term equity investment accounted for using the equity method".

The Group as a joint operator recognises the following items in relation to its interest in a joint operation: (1) its solely-held assets, including its share of any assets held jointly; (2) its solely-assumed liabilities, including its share of any liabilities incurred jointly; (3) its revenue from the sale of its share of the output arising from the joint operation; (4) its share of the revenue from the sale of the output by the joint operation; and (5) its solely-incurred expenses, including its share of any expenses incurred jointly. The Group accounts for the recognised assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the requirements applicable to the particular assets, liabilities, revenues and expenses.

9. Standards for determining cash and cash equivalent

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION (*Continued*)

10. Translation of transactions and financial statements denominated in foreign currencies

10.1 Transactions denominated in foreign currencies

A foreign currency transaction is recorded, on initial recognition, by applying the spot exchange rate on the date of the transaction.

At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognised in profit or loss for the period, except that (1) exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalisation are capitalised as part of the cost of the qualifying asset during the capitalisation period; (2) exchange differences related to hedging instruments for the purpose of hedging against foreign currency risks are accounted for using hedge accounting; (3) exchange differences arising from changes in the carrying amounts (other than the amortised cost) of available-for-sale monetary items are recognised as other comprehensive income.

When the consolidated financial statements include foreign operation(s), if there is foreign currency monetary item constituting a net investment in a foreign operation, exchange difference arising from changes in exchange rates are recognised as "exchange differences arising on translation of financial statements denominated in foreign currencies" in shareholders' equity, and in profit and loss for the period upon disposal of the foreign operation.

Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions and the amounts in functional currency remain unchanged. Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rate on the date the fair value is determined. Difference between the re-translated functional currency amount and the original functional currency amount is treated as changes in fair value (including changes of exchange rate) and is recognised in profit and loss or as other comprehensive income.

10.2 Translation of financial statements denominated in foreign currencies

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; shareholders' equity items are translated at the spot exchange rates at the dates on which such items arose; all items in the income statement as well as items reflecting the distribution of profits are translated at exchange rates that approximate the actual spot exchange rates on the dates of the transactions; The difference between the translated assets and the aggregate of liabilities and shareholders' equity items is recognised as other comprehensive income and included in shareholders' equity.

Cash flows arising from a transaction in foreign currency and the cash flows of a foreign subsidiary are translated at an exchange rate which approximates the spot exchange rate on the date of the cash flows. The effect of exchange rate changes on cash and cash equivalents is regarded as a reconciling item and presented separately in the cash flow statement as "effect of exchange rate changes on cash and cash equivalents".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION *(Continued)*

10. Translation of transactions and financial statements denominated in foreign currencies *(Continued)*

10.2 Translation of financial statements denominated in foreign currencies *(Continued)*

The opening balances and the comparative figures of previous year are presented at the translated amounts in the previous year's financial statements.

On disposal of the Group's entire interest in a foreign operation, or upon a loss of control over a foreign operation due to disposal of certain interest in it or other reasons, the Group transfers the accumulated exchange differences arising on translation of financial statements of this foreign operation attributable to the owners' equity of the parent company and presented under shareholders' equity, to profit or loss in the period in which the disposal occurs.

In case of a disposal or other reason that results in a reduction in the proportional interest held but does not result in the Group losing control over a foreign operation, the proportionate share of accumulated exchange differences arising on translation of financial statements are re-attributed to minority interests and are not recognised in profit and loss. For partial disposals of equity interests in foreign operations which are associates or joint ventures, the proportionate share of the accumulated exchange differences arising on translation of financial statements of foreign operations is reclassified to profit or loss.

11. Financial Instrument

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognised in profit or loss. For other financial assets and financial liabilities, relevant transaction costs are included in their initial recognised amounts.

11.1 Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial asset or financial liability (without considering future credit losses), and also considers all fees paid or received between the parties to the contract giving rise to the financial asset and financial liability that are an integral part of the effective interest rate, transaction costs, and premiums or discounts, etc.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION (*Continued*)

11. Financial Instrument (*Continued*)

11.2 Classification, recognition and measurement of financial assets

On initial recognition, the Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

11.2.1 Financial Assets at Fair Value through Profit or Loss ("FVTPL")

Financial assets at FVTPL include financial assets held for trading and those designated as at fair value through profit or loss.

A financial asset is classified as held for trading if one of the following conditions is satisfied: (1) It has been acquired principally for the purpose of selling in the near term; or (2) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; or (3) It is a derivative that is not designated and effective as a hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured.

A financial asset may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: (1) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring assets or recognising the gains or losses on them on different bases; (2) The financial asset forms part of a group of financial assets or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis; or (3) it is a qualifying hybrid instrument containing embedded derivatives.

Financial assets at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest income earned on the financial assets are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION *(Continued)*

11. Financial Instrument *(Continued)*

11.2 Classification, recognition and measurement of financial assets *(Continued)*

11.2.2 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group's management has the positive intention and ability to hold to maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortisation is recognised in profit or loss.

11.2.3 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified as loans and receivables by the Group include notes receivable, accounts receivable, interest receivable, dividends receivable, and other receivables.

Loans and receivables are subsequently measured at amortised cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortisation is recognised in profit or loss.

11.2.4 Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated on initial recognition as available for sale, and financial assets that are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are subsequently measured at fair value, and gains or losses arising from changes in the fair value are recognised as other comprehensive income, except that impairment losses and exchange differences related to amortised cost of monetary financial assets denominated in foreign currencies are recognised in profit or loss, until the financial assets are derecognised, at which time the gains or losses are released and recognised in profit or loss.

Interests obtained and the dividends declared by the investee during the period in which the available-for-sale financial assets are held, are recognised in investment gains.

For investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivative financial assets that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION (*Continued*)

11. Financial Instrument (*Continued*)

11.3 Impairment of financial assets

The Group assesses at each balance sheet date the carrying amounts of financial assets other than those at fair value through profit or loss. If there is objective evidence that a financial asset is impaired, the Group determines the amount of any impairment loss. Objective evidence that a financial asset is impaired is evidence that, arising from one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the financial asset, which can be reliably measured, have been affected.

Objective evidence that a financial asset is impaired includes the following observable events:

- (1) Significant financial difficulty of the issuer or obligor;
- (2) A breach of contract by the borrower, such as a default or delinquency in interest or principal payments;
- (3) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting a concession to the borrower;
- (4) It becoming probable that the borrower will enter bankruptcy or other financial reorganisations;
- (5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer;
- (6) Upon an overall assessment of a group of financial assets, observable data indicates that there is a measurable decrease in the estimated future cash flows from the group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group. Such observable data includes:
 - Adverse changes in the payment status of borrower in the group of assets;
 - Economic conditions in the country or region of the borrower which may lead to a failure to pay the group of assets;
- (7) Significant adverse changes in the technological, market, economic or legal environment in which the equity instrument issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor;
- (8) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost;
- (9) Other objective evidence indicating there is an impairment of a financial asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION (Continued)

11. Financial Instrument (Continued)

11.3 Impairment of financial assets (Continued)

- Impairment of financial assets measured at amortised cost

If financial assets carried at amortised cost are impaired, the carrying amounts of the financial assets are reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of reduction is recognised as an impairment loss in profit or loss. If, subsequent to the recognition of an impairment loss on financial assets carried at amortised cost, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognised, the previously recognised impairment loss is reversed. However, the reversal is made to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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

- Impairment of available-for-sale financial assets

When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value previously recognised directly in capital reserve is reclassified from the capital reserve to profit or loss. The amount of the cumulative loss that is reclassified from capital reserve to profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

If, subsequent to the recognition of an impairment loss on available-for-sale financial assets, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognised, the previously recognised impairment loss is reversed. The amount of reversal of impairment loss on available-for-sale equity instruments is recognised as other comprehensive income, while the amount of reversal of impairment loss on available-for-sale debt instruments is recognised in profit or loss.

- Impairment of financial assets measured at cost

If an impairment loss has been incurred on an investment in unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured, or on a derivative financial asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the carrying amount of the financial asset is reduced to the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of reduction is recognised as an impairment loss in profit or loss. The impairment loss on such financial asset is not reversed once it is recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION (*Continued*)

11. Financial Instrument (*Continued*)

11.4 Transfer and derecognition of financial assets

The Group transfers a financial asset if one of the following conditions is satisfied:

- (1) the contractual rights to the cash flows from the financial asset has been transferred; or
- (2) the financial asset transferred to another party, but retains the contractual rights to the cash flows from the financial asset and undertakes the obligation to pay the cash flow it receives to the final recipient, and satisfy with all of the following conditions at the same time:
 - it is not obliged to make any payment to the final recipient until it receives the cash flow which is equivalent to the financial assets. In the event of short-term advance payment, the Group is entitled to recover the full amount of the advance payment and collect the interests in accordance with the banker's call rate for the period, which be regarded as satisfying this condition;
 - according to the contract, the Group cannot sell the financial asset or such the financial asset cannot be treated as guarantee, but it may be regarded as a guarantee of cash flow payment to the final recipient.
 - it is obliged to pay the cash flow receives to the final recipient in a timely manner. The Group has no right to make a re-investment with the cash flow receives, but in accordance with the contractual stipulations, except that it may make investment with cash or cash equivalent by using the cash flow it receives during the interval of between two consecutive payments. If the group executes reinvestment under the contract, income from the investment shall be paid to the final recipient as contract hereunder.

The financial asset or part of the financial asset derecognises if one of the following conditions is satisfied:

- (1) the contractual rights to the cash flows from the financial asset expire; or
- (2) the financial asset has been transferred and if one of the following conditions is satisfied:
 - the Group has been transferred all the risks and rewards of ownership of a financial asset; or
 - the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it does not retain control of the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, it recognises the financial asset to the extent of its continuing involvement in the transferred financial asset.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the financial asset transferred; and (2) the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised in other comprehensive income, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION *(Continued)*

11. Financial Instrument *(Continued)*

11.5 Classification, recognition and measurement of financial liabilities

Financial instruments issued by the Group are classified in accordance with the economic substance of the contractual arrangements instead of the legal form as well as the definitions of a financial liability and an equity instrument; on initial recognition, financial instruments or their component parts are classified as either financial liabilities or equity instruments.

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

11.5.1 Financial liabilities at FVTPL

Financial liabilities at FVTPL consist of financial liabilities held for trading and those designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if one of the following conditions is satisfied: (1) It has been acquired principally for the purpose of repurchasing in the near term; or (2) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; or (3) It is a derivative, except for a derivative that is a designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured.

A financial liability may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: (1) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring liabilities or recognising the gains or losses on them on different bases; (2) The financial liability forms part of a group of financial liabilities or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis; or (3) it is a qualifying hybrid instrument containing embedded derivatives.

Financial liabilities at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value or any dividend or interest expenses related to the financial liabilities are recognised in profit or loss.

11.5.2 Other financial liabilities

For a derivative liability that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured, it is subsequently measured at cost. Other financial liabilities other than financial guarantee contract obligations are subsequently measured at amortised cost using the effective interest method, with gain or loss arising from derecognition or amortisation recognised in profit or loss.

11.5.3 Financial guarantee contracts

A financial guarantee contract is a contract by which the guarantor and the lender agree that the guarantor would settle the debts or bear obligations in accordance with terms of the contract in case the borrower fails to settle the debts. Financial guarantee contracts that are not designated as financial liabilities at fair value through profit or loss, are initially measured at their fair values less the directly attributable transaction costs. Subsequent to initial recognition, they are measured at the higher of: (i) the amount determined in accordance with Accounting Standard for Business Enterprises No. 13 — Contingencies; and (ii) the amount initially recognised less cumulative amortisation recognised in accordance with the principles set out in Accounting Standard for Business Enterprises No. 14 — Revenue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION (*Continued*)

11. Financial Instrument (*Continued*)

11.6 Derecognition of Financial Liabilities

The Group derecognises a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognises a financial liability or a part of it, it recognises the difference between the carrying amount of the financial liability (or part of the financial liability) derecognised and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

11.7 Derivatives and embedded derivatives

Derivative financial instruments include commodity futures contracts (standard lead, gold and silver futures contracts of Shanghai Futures Exchange) and commodity forward contracts.

Derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently re-measured at fair value. The resulting gain or loss is recognised in profit or loss.

An embedded derivative is separated from the hybrid instrument, where the hybrid instrument is not designated as a financial asset or financial liability at fair value through profit or loss, and treated as a standalone derivative if 1) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; and 2) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative. If the Group is unable to measure the embedded derivative separately either at acquisition or at a subsequent balance sheet date, it designates the entire hybrid instrument as a financial asset or financial liability at fair value through profit or loss.

11.7.1 Convertible bond

Convertible bonds issued by the company including financial liabilities component and convertible option component will be classified separately upon initial recognition. Among which, the conversion option that will be settled by the exchanges of a fixed amount of cash or other financial assets for the fixed number of due company's own equity instrument is an equity instrument.

At the date of issue, the fair value of liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. The balances between the proceeds of convertible bond and that after deducting the fair value of liability component will be recognized as the fair value of the option rights for conversion of bonds to equity instrument held by bondholders, which is recorded as capital reserve (other capital reserve — equity conversion right).

When subsequent measurement, liability component of the convertible bond shall be measured based on an amortized cost by using effective interest method; the value of conversion option remains as equity instrument. No profit or loss arise from the convertible bond upon the expiry or conversion.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in 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 bonds using the effective interest method.

11.8 Offsetting financial assets and financial liabilities

When the Group has a legal right that is currently enforceable to set off the recognised financial assets and financial liabilities, and intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously, financial assets and financial liabilities are offset with the net amounts presented on the balance sheet. Otherwise, financial assets and financial liabilities are separately presented on the balance sheet without offsetting.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION *(Continued)*

11. Financial Instrument *(Continued)*

11.9 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued (including refinanced), repurchased, sold or cancelled by the Group are treated as changes in equity. Changes in the fair value of equity instruments are not recognised. Transaction costs related to equity transactions are deducted from equity.

The Group's distribution to holders of equity instruments are treated as a distribution of profits, payment of stock dividends does not affect total shareholders' equity.

12. The Receivables

12.1 Recognition Standards and Withdrawal Methods for Bad Debt Provision of Accounts Receivables of Individually Significant Amount:

The criterion of significant single amount or the amount standard	Our company treats the receivables of above RMB500 million as the individually significant receivable.
Withdrawing method for bad debt provision of accounts receivables of individually significant amount	Perform impairment test on the receivables with a significant amount separately, and perform test on the financial assets without impairment separately, including the test performed in the combination of the financial assets with similar credit risk characteristics. The receivables which have been determined as of a depreciation loss in single test shall not be included in financial assets portfolio with similar risk features for any depreciation test.

12.2 Recognition Standards and Withdrawing Methods for Bad debt Reserve of Receivables Whose Amount are not Great but the Risk Arranged According to Risk Properties is Great

Basis for determining credit risk characteristic combination	The company shall divide the financial assets into groups in accordance with the similarity and correlation of credit risks for receivables whose individual amount is not large and the amount is large but individual test has not decrease in value. These credit risks generally reflect the debtor's ability to repay all payables according to contract provisions on such asset and they are related with the measurement of future cash flow of the inspected asset.
Withdrawing methods determined by credit risk characteristic combination	When depreciation test is conducted based on portfolio method, the bad debt reserves will be determined based on loans portfolio structure and similar credit risk features and according to historical loss experience, current economic conditions and loss evaluation existing in estimated loans portfolio. Provision bad debt reserves based on aging analysis Withdrawing proportion of bad debt in accordance with aging of accounts shall be detailed in Table 12.3 as follows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION (Continued)

12. The Receivables (Continued)

12.3 *Withdrawing proportion of bad debt in accordance with aging of accounts below:*

Aging	Provision ratios of receivables (%)	Provision ratios used for other receivables (%)
Within two years	—	—
Over 2 years	100%	100%

13. Inventory

13.1 *Classification of Inventories*

The Group's inventories mainly include raw materials, work in progress, finished goods etc. Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

13.2 *Valuation Methods of the Inventory Issuing*

When the stocks are issued, the actual costs of the issued stocks are determined using the method of weighted mean.

13.3 *The Confirmation Basis of the Net Realizable Value of the Inventories*

On the balance sheet date, the stock shall be calculated by the lower of cost and net realized value. When the net realizable value is less than the cost, inventory falling price reserves are drawn. The net realizable value means the fund derived by deducting the potential cost, estimated sale cost and relative taxes to the completion date from the estimated selling price of the inventory in daily activities. The company determined net realizable value of inventories, made the obtained conclusive evidence as basis, and considered the purposes of holding inventories, events after the balance sheet date and other factors.

The provision for inventory falling price reserves shall be collected by the difference between the cost of the individual inventory and its net realized value.

In case the factors impacting the counting and drawing of inventory falling price reserves, making the net realizable value be higher than the book value, the write-down amount should be recovered from the previous write-down amount of inventory falling price reserves and the according amount shall be returned to current profit and loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION *(Continued)*

13. Inventory *(Continued)*

13.4 *The Inventory System for Inventory*

The inventory system is a perpetual inventory system.

13.5 *Amortization Method of Low-value Consumables and Packaging Materials*

Packing materials and low-price easily-worn materials are amortized by the one-time writing-off process.

14. Assets classified as held for sale

A component or non-current assets (excluding deferred tax assets) of the Group are classified as held for sale when all the following conditions are satisfied: the component or non-current assets are available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such component or assets; a resolution has been made regarding the disposal of the component or non-current assets; an irrevocable transfer agreement has been entered into with the transferee; the transfer is to be completed within one year. Non-current assets classified as held for sale are not accounted for using the equity method, nor recognise any depreciation or amortization; they are measured at the lower of the carrying amount and fair value less costs to sell.

15. Long-term equity investment

15.1 *Basis for determining joint control and significant influence over the investee*

Control exists when the investor 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 over the investee to affect its returns. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effects of potential voting rights of the investee (for example, warrants and convertible debts) held by the investing enterprises or other parties that are currently exercisable or convertible have been considered.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION *(Continued)*

15. Long-term Equity Investments *(Continued)*

15.2 Determination of investment cost

For a long-term equity investment acquired through a business combination involving enterprises under common control, the initial investment cost of the long-term equity investment is the attributable share of the carrying amount of the shareholders' equity of the acquiree at the date of combination in the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed is adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained earnings. If the consideration of the combination is satisfied by the issue of equity securities, the initial investment cost of the long-term equity investment is the attributable share of the carrying amount of the shareholders' equity of the acquiree in the consolidated financial statements of the ultimate controlling party. The aggregate face value of the shares issued is accounted for as share capital. The difference between the initial investment cost and the aggregate face value of the shares issued is adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained earnings.

For a long-term equity investment acquired through business combination not involving enterprises under common control, the initial investment cost of the long-term equity investment is the cost of acquisition at the date of combination

The intermediary fees incurred by the absorbing party or acquirer such as audit, legal, valuation and consulting fees, etc. and other related administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred.

The long-term equity investment acquired otherwise than through a business combination is initially measured at its cost. When the entity is able to exercise significant influence or joint control (but not control) over an investee, the cost of long-term equity investments is the sum of the fair value of previously-held equity investments determined in accordance with Accounting Standard for Business Enterprises No.22 — Financial Instruments: Recognition and Measurement (CAS 22) and the additional investment cost.

15.3 Subsequent measurement and recognition of profit or loss

15.3.1 Long-term equity investment accounted for using the cost method

Long-term equity investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements. A subsidiary is an investee that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. When additional investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. Investment income is recognised in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION *(Continued)*

15. Long-term Equity Investments *(Continued)*

15.3 Subsequent measurement and recognition of profit or loss *(Continued)*

15.3.2 Long-term equity investment accounted for using the equity method

The Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence; a joint venture is a joint arrangement whereby the Group has rights to the net assets of the arrangement.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognised in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognises its share of the net profit or loss and other comprehensive income made by the investee as investment income and other comprehensive income respectively, and adjust the carrying amount of the long-term equity investment accordingly; The carrying amount of the investment is reduced by the portion of any profit distributions or cash dividends declared by the investee that is distributed to the Group; the share of the changes in owners' equity of the investee other than those arising from net profit or loss, other comprehensive income and profit distribution are recognized in the capital reserve and the carrying amount of the long-term equity investment is adjusted accordingly. The Group recognises its share of the investee's net profit or loss after making appropriate adjustments based on the fair value of the investee's individual separately identifiable assets, etc. at the acquisition date. Where the accounting policies and accounting period adopted by the investee are not consistent with those of the Group, the Group shall adjust the financial statements of the investee to conform to its own accounting policies and accounting period, and recognise investment income and other comprehensive income based on the adjusted financial statements. For the Group's transactions with its associates and joint ventures where assets contributed or sold does not constitute a business, unrealised intra-group profits or losses are recognised as investment income or loss to the extent that those attributable to the Group's proportionate share of interest are eliminated. However, unrealised losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated.

The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognised according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognising its share of those profits only after its share of the profits exceeds the share of losses previously not recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION (Continued)

15. Long-term Equity Investments (Continued)

15.4 Disposal of long-term equity investments

On disposal of a long term equity investment, the difference between the proceeds actually received and the carrying amount is recognised in profit or loss for the period.

16. Fixed Assets

16.1 The conditions of recognition

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognised only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost and the effect of any expected costs of abandoning the asset at the end of its use is considered.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. Meanwhile the carrying amount of the replaced part is derecognised. Other subsequent expenditures except for above expenditures that included in the cost of the fixed asset are recognised in profit or loss in the period in which they are incurred.

16.2 Depreciation Method

A fixed asset is depreciated over its useful life using the straight-line method or the units of production method since the month subsequent to the one in which it is ready for intended use. The depreciation method useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciation method	Period of depreciation (years)	Residual Value Rate (%)	Yearly depreciation (%)
Land, building	Straight-line method	8–45	0–5	2.1–11.9
Mining engineering (within China)	Units of production method	Expected mine useful life	0	5-7.69
Mining engineering (Australia)	Units of production method	Expected mine useful life	0	Mining quantity
Machine equipment	Straight-line method	8–10	5	9.5–11.9
Electronic equipment, appliances and furniture	Straight-line method	5	5	19.0
Transportation equipment	Straight-line method	8	5	11.9

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION *(Continued)*

16. Fixed Assets *(Continued)*

16.3 Others

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognised. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognised in profit or loss for the period.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and account for any change as a change in an accounting estimate.

17. Construction in progress

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalised before it is ready for intended use and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use.

18. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalised when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalised is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalised on such borrowings by applying a capitalisation rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION (Continued)

19. Intangible Assets

19.1 Intangible Assets

Intangible assets include land use rights and mining rights etc.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost is amortised over its estimated useful life using the straight-line method or the units of production method. An intangible asset with an indefinite useful life is not amortised.

Category	Amortization method	useful life (years)	Residual Value Rate (%)
Land use rights:	Straight-line method	50	0
Mining rights	Units of production method	Expected mine output	0

For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at the end of the year, and makes adjustments when necessary.

19.2 Research and development expenditure for Internal Study

Expenditure during the research phase is recognised as an expense in the period in which it is incurred.

Expenditure during the development phase that meets all of the following conditions at the same time is recognised as intangible asset. Expenditure during development phase that does not meet the following conditions is recognised in profit or loss for the period:

- (1) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (2) the Group has the intention to complete the intangible asset and use or sell it;
- (3) the Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- (4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and
- (5) the expenditure attributable to the intangible asset during its development phase can be reliably measured.

If the expenditures cannot be distinguished between the research phase and development phase, the Group recognises all of them in profit or loss for the period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION *(Continued)*

20. Impairment of Long-term Assets

The Group reviews the fixed assets, construction in progress, intangible assets with finite useful life at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If an impairment indication exists, the recoverable amount is estimated. Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. The recoverable amount of an asset or asset group is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset or asset group.

If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognised in profit or loss for the period.

Goodwill is tested for impairment at least at the end of each year. For the purpose of impairment testing, goodwill is considered together with the related assets groups, i.e., goodwill is reasonably allocated to the related assets group(s) or each of assets group(s) expected to benefit from the synergies of the combination. An impairment loss is recognised if the recoverable amount of the assets group or sets of assets groups (including goodwill) is less than its carrying amount. The impairment loss is firstly allocated to reduce the carrying amount of any goodwill allocated to such assets group or sets of assets groups, and then to the other assets of the group pro-rata on the basis of the carrying amount of each asset (other than goodwill) in the group.

Once an impairment loss is recognised for above mentioned assets, it will not be reversed in any subsequent period.

21. Long-term Deferred Expenses

Long-term prepaid expenses represent expenses incurred that should be borne and amortised over the current and subsequent periods (together of more than one year). Long-term prepaid expenses are amortised using the straight-line method over the expected periods in which benefits are derived.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION (*Continued*)

22. Employee Compensation

22.1 Accounting treatment of short-term remuneration

Actually occurred short-term employee benefits are recognised as liabilities, with a corresponding charge to the profit or loss for the period or in the costs of relevant assets in the accounting period in which employees provide services to the Group. Staff welfare expenses incurred by the Group are recognised in profit or loss for the period or the costs of relevant assets based on the actually occurred amounts when it actually occurred. Non-monetary staff welfare expenses are measured at fair value.

Payment made by the Group of social security contributions for employees such as premiums or contributions on medical insurance, work injury insurance and maternity insurance, etc. and payments of housing funds, as well as union running costs and employee education costs provided in accordance with relevant requirements, are calculated according to prescribed bases and percentages in determining the amount of employee benefits and recognised as relevant liabilities, with a corresponding charge to the profit or loss for the period or the costs of relevant assets in the accounting period in which employees provide services.

22.2 Accounting treatment of post-retirement benefits

All the post-retirement benefits are defined contribution plans.

The contribution payable to the defined contribution plan is recognised as liabilities, with a corresponding charge to the profit or loss for the period or in the costs of relevant assets in the accounting period in which employees provide services to the Group.

22.3 Accounting treatment of termination benefits

When the Group provides termination benefits to employees, employee benefit liabilities are recognised for termination benefits, with a corresponding charge to the profit or loss for the period at the earlier of: (1) when the Group cannot unilaterally withdraw the offer of termination benefits because of the termination plan or a curtailment proposal; and (2) when the Group recognises costs or expenses related to restructuring that involves the payment of termination benefits.

23. Provision

Provisions are recognised when the Group has a present obligation related to a contingency, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION (*Continued*)

24. Revenue

24.1 Revenue from sale of goods

Revenue from sale of goods is recognised when (1) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods; (2) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (3) the amount of revenue can be measured reliably; (4) it is probable that the associated economic benefits will flow to the Group; and (5) the associated costs incurred or to be incurred can be measured reliably.

24.2 Revenue from Providing Labor Services

If the group provides external hotel room service, it can not recognize the income until the hotel room service has been provided and the rights of service charge have been obtained.

25. Government Grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. According to the grant object regulated in government documents, the government grant divides into government grant related to assets and income.

A government grant is recognised only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable.

25.1 Criterion and accounting treatment of government grant related to assets

The government grants of the Group mainly include returns of land-transferring fees, etc.. Due to direct relationship with investment and construction of fixed assets, such government grants are defined as the government grants related to assets. A government grant related to an asset is recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset.

25.2 Criterion and accounting treatment of government grant related to income

The government grants of the Group mainly include grant for demonstration of mineral resources saving and comprehensive utilization, etc.. Due to direct relationship with the research and development expenditure, such government grants are defined as the government grants related to income. For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss over the periods in which the related costs are recognised. If the grant is a compensation for related expenses or losses already incurred, the grant is recognised immediately in profit or loss for the period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION (*Continued*)

26. Deferred Income Tax Assets/Deferred Income Tax Liabilities

The income tax expenses include current income tax and deferred income tax.

26.1 Current income taxes

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

26.2 Deferred tax assets and deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognised as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognised using the balance sheet liability method.

Deferred tax is generally recognised for all temporary differences. Deferred tax assets for deductible temporary differences are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognised.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilised.

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

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realised or the liability is settled.

Current and deferred tax expenses or income are recognised in profit or loss for the period, except when they arise from transactions or events that are directly recognised in other comprehensive income or in shareholders' equity, in which case they are recognised in other comprehensive income or in shareholders' equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilised. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION *(Continued)*

26. Deferred Income Tax Assets/Deferred Income Tax Liabilities *(Continued)*

26.3 *Offsetting of income taxes*

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realise the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

27. 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.

27.1 *Accounting treatment of operating leases*

27.1.1 The Group as lessee under operating leases

Operating lease payments are recognised on a straight-line basis over the terms of the relevant lease, and are either included in the cost of related asset or charged to profit or loss for the period. Initial direct costs incurred are charged to profit or loss for the period. Contingent rents are charged to profit or loss in the period in which they are actually incurred.

27.1.2 The Group as lessor under operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the terms of the relevant lease. Initial direct costs with more than an insignificant amount are capitalised when incurred, and are recognised in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred. Contingent rents are charged to profit or loss in the period in which they actually arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION (*Continued*)

28. Other Significant Accounting Policies and Accounting Estimations

28.1 Maintenance costs of simple reproduction

In accordance with current national regulations, exploitation enterprises located within China shall extract maintenance costs of simple reproduction (hereinafter referred to as "simple maintenance cost") based on the RMB15/ton in relation to original metal mine output.

The group shall extract the "simple maintenance cost" in accordance with the specified regulations; it shall debit "manufacturing expenses" and credit "special reserves".

If the group uses such capital reserves to purchase and install properties such as equipment and facilities relevant to simple reproduction maintenance, they shall be included into relevant asset cost; debiting "construction in progress" and other projects and crediting "bank deposit" and other items shall not be recognized as the fixed asset until the maintenance project of simple reproduction is completed and complies with expected available situation; meanwhile, accumulated depreciation in same amount shall be recognized in accordance with special capital reserves for cost offset of the fixed assets. The depreciation of fixed assets such as debiting item of "special reserves" and crediting item of "accumulated depreciation" shall not be counted and withdrew in the future. But amount carried forward is within the limit of the balance of "special reserves" being offset to be zero.

When the reserve is used to pay and maintain the expenses related to simple reproduction, it should directly write down special reserve, debit "special reserve" and credit "bank deposit". The amount carried forward should be within the scope that the balance of "special reserve" is written down to zero.

28.2 Safety Production Expenses

As of 14 February 2012, the mining enterprises subordinated to the group located in China should withdraw safety production expenses ("safety expenses") as per RMB4/ton for raw ore of surface mine and RMB8/ton for raw ore of downhole mine in accordance with national regulations. After 14 February 2012, in accordance with CQ[2012] No. 16 notice of printing and distributing Management Methods for Withdrawing and Using Safety Production Expenses, the safety expenses are withdrawn as per RMB5/ton for raw ore of surface mine, RMB10/ton for raw ore of downhole mine and RMB1/ton as for tailing pond.

Before 14 February 2012, safety expenses of the metallurgy enterprises subordinated to the group located in China should be withdrawn in proportion to the actual sales revenue. The safety expenses will be withdrawn based on the following standards with excessive and accumulative withdrawal method:

- (I) Withdraw 4% if the actual sales revenue is RMB10 million and below;
- (II) Withdraw 2% if the actual sales revenue is RMB10 million to RMB0.1 billion (inclusive);
- (III) Withdraw 0.5% if the actual sales revenue is RMB0.1 billion to RMB1 billion (inclusive);
- (IV) Withdraw 0.2% if the actual sales revenue is above RMB1 billion.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION *(Continued)*

28. Other Significant Accounting Policies and Estimation *(Continued)*

28.2 Safety Production Expenses *(Continued)*

After February 14, 2012, in accordance with CQ [2012] No. 16 notice of printing and distributing Management Methods for Withdrawing and Using Safety Production Expenses, safety expenses of the metallurgy enterprises of the group located in China will be withdrawn as per actual operating revenue in last year. The safety expenses will be withdrawn month by month based on the following standards with excessive and accumulative withdrawal method:

- (I) Withdraw 3% if the operating revenue does not exceed RMB10 million;
- (II) Withdraw 1.5% if the operating revenue is RMB10 million to RMB0.1 billion;
- (III) Withdraw 0.5% if the operating revenue is RMB0.1 billion to RMB1 billion;
- (IV) Withdraw 0.2% if the operating revenue is RMB1 billion to RMB5 billion;
- (V) Withdraw 0.1% if the operating revenue is RMB5 billion to RMB10 billion;
- (VI) Withdraw 0.05% if the operating revenue exceeds RMB10 billion.

When safety expenses of the enterprises is withdrawn as per the standards, debit "manufacturing expenses" and credit "special reserve".

When the safety protection equipment and facilities are purchased with safety production reserve within specified limit, it should debit "construction in progress" and credit "bank loans" based on the amount included into assets cost. The safe projects will be deemed as fixed assets upon completion and reaching the reserved serviceable condition; the special reserves will be written down as per the cost of fixed assets and the cumulative depreciation in the same amount will be confirmed; debit "special reserve" and credit "cumulative depreciation". The fixed asset will not withdraw depreciation later. But amount carried forward is within the limit of the balance of "special reserves" being offset to be zero.

When the safety production reserve is used to pay the expenses in safety production inspection, evaluating expenditure, safety skills training and emergency rescue drill, it should directly write down special reserves, debit "special reserves" and credit "bank loans". The amount carried forward should be within the scope that the balance of "special reserve" is written down to zero.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION (*Continued*)

29. Critical judgements in applying accounting policies and key assumptions and uncertainties in the accounting estimates

In the application of the Group's accounting policies, which are described in Note III, the Group is required to make judgments, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainty of the operating activities. These judgments, estimates and assumptions are based on historical experiences of the Group's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates.

The aforementioned judgments, estimates and assumptions are reviewed regularly on a going concern basis. The effect of a change in accounting estimate is recognised in the period of the change, if the change affects that period only; or recognised in the period of the change and future periods, if the change affects both.

Key assumptions and uncertainties in accounting estimates

The following are the key assumptions and uncertainties in accounting estimates at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods:

Estimate of mineral reserve

The estimate of mineral reserve is determined based on the materials formulated by the industrial experts or other judicial authorities. Use the method to determine the mineral reserve and other minerals and calculate depreciation and amortization expenses, evaluate impairment signs and useful life of mine, and forecast the payment time of reclamation cost for forecasting to be closed or reclaimed mine.

When evaluating the useful life of mine for the purpose of accounting, calculate the mineral resources with mining value. The estimate of mineral reserve will involve multiple uncertainties. Estimate the currently effective assumptions and material changes in actual data. The changes in market prices, exchange rate, production cost or recovery may change the current economic situation of reserve and cause reevaluation of the reserve in the end.

The useful life of fixed assets

The management should judge the estimated useful life of fixed assets and their depreciations. The estimate should base on the experience in actual useful life of fixed assets and assume the government will update upon expiration of mining rights. In the face of fierce industrial competition, the scientific innovation and competitors will produce significance on the estimate of useful life. Where the actual useful life is different from the estimated useful life, the management should adjust the depreciation amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION *(Continued)*

29. Critical judgements in applying accounting policies and key assumptions and uncertainties in the accounting estimates *(Continued)*

Non-current assets impairment other than financial assets

The Group assesses whether there are any indicators of impairment for all non-current assets other than financial assets at the balance sheet date. Non-current assets other than financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. For intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired. Impairment exists if the carrying amount of an asset or asset group is higher than recoverable amount, the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset or asset group. The calculation of the fair value less costs of disposal is based on available data from the observable market prices less incremental costs for disposing of the asset. The management must estimate the future cash flows of the asset or a set of asset group and determine a suitable discount rate to calculate the estimation of the present value of estimated future cash flows.

Provision for decline in value of inventories

As described in Note (III). 13, inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes.

Operational procedures have been in place to monitor this risk as a significant proportion of the Company's of working capital is devoted to inventories. The management reviews the inventory aging list on a periodical basis for those aged inventories. This involves comparison of carrying amount of the aged inventory items with the respective net realizable value. The purpose is to ascertain whether allowance is required to be made in the financial statements for any obsolete and slow-moving items. In addition, physical counts on all inventories are carried out on a periodical basis in order to determine whether allowance need to be made in respect of any obsolete and defective inventories identified. In this regard, the management of the Company are satisfied that this risk is minimal and adequate provision for obsolete and slow-moving inventories has been made in the financial statements.

Impairment of accounts receivable

Impairment loss of trade and other receivables is made when there is objective evidence that the recoverability of trade and other receivables becomes doubtful. The impairment loss calculations contain uncertainties because the management is required to make assumptions and to apply judgment regarding historical settlement experience, debt aging, financial status of debtors and general economic conditions. There is no reason to believe that there will be a material change in the future estimates or assumptions which are used in the calculations of impairment loss of trade and other receivables. However, when the actual outcome or expectation in future is different from the original estimates, the carrying amount of trade and other receivables and impairment loss may change.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION (*Continued*)

29. Critical judgements in applying accounting policies and key assumptions and uncertain ties in the accounting estimates (*Continued*)

Provision for closure, restoration, rehabilitation and environmental costs

Provision for rehabilitation and environmental costs has been determined by the directors based on their best estimates. The directors estimated this liability for final reclamation and mine closure based upon detailed calculations of the amount and timing of future cash flows spending for a supplier to perform the required work, escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability, such that the provision reflects the present value of the expenditures expected to be required to settle the obligation. However, in so far as the effect on the land and the environment from current mining activities becomes apparent in future periods, the estimate of the associated costs may be subject to change in the future. The provision is reviewed regularly to verify that it properly reflects the present value of the obligation arising from the current and past mining activities.

Deferred tax assets

Deferred tax assets arise from the actual profits and temporary differences based on the actual tax rates utilized in the upcoming years. In cases where the actual future profits are less than the expected profits or the actual tax rates are lower than the expected tax rates, deferred tax assets recognized will be reversed and recognized in the consolidated profit and loss account for the period during which such reversals take place.

30. Changes in significant accounting policies and accounting estimates

30.1 Changes in accounting policies

The Group, in its 2013 annual financial statements, has applied in advance the new standards of Accounting Standard for Business Enterprises No. 39 — Fair Value Measurement (CAS 39), Accounting Standard for Business Enterprises No.40 — Joint Arrangements (CAS 40) and amendments to Accounting Standard for Business Enterprises No.9 — Employee Benefits (CAS 9), Accounting Standard for Business Enterprises No. 30 — Presentation of Financial Statements (CAS 30) and Accounting Standard for Business Enterprises No.33 — Consolidated Financial Statements (CAS 33) issued by the Ministry of Finance in January and February 2014.

Contents and reasons of changes in accounting policies

The Group has applied new standards of Accounting Standard for Business Enterprises No. 41 — Disclosure of Interests in Other Entities (CAS 41) and amendments to Accounting Standard for Business Enterprises No.2 — Long-term Equity Investments (CAS 2) issued by the Ministry of Finance in 2014 from 1 July, 2014; moreover, the Group has applied Accounting Standard for Business Enterprises No. 37 — Presentation of Financial Instruments (CAS 37) revised by the Ministry of Finance for the first time in 2014 annual financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION *(Continued)*

30. Changes in significant accounting policies and accounting estimates *(Continued)*

30.1 Changes in accounting policies *(Continued)*

Presentation of financial instruments

Accounting Standard for Business Enterprises No. 37 — Presentation of Financial Instruments (Revised) adds the requirements regarding offsetting and disclosures, the disclosure requirements on the transfer of financial assets, and revised disclosure requirements on the maturity analysis for financial assets and financial liabilities. The financial statements have been prepared in accordance with CAS 37.

Disclosure of interests in other entities

Accounting Standard for Business Enterprises No. 41 — Disclosure of Interests in Other Entities applies to the disclosure of an entity's interest in subsidiaries, joint arrangements, associates and unconsolidated structured entities. Adopting CAS 41 results in more extensive disclosure in the notes to the entity's financial statements. Required disclosures have been made in the financial statements in accordance with CAS 41.

Long-term equity investments

Before the implementation of Accounting Standard for Business Enterprises No. 2 — Long-term Equity Investments (Revised), the equity investments that the Group had no joint control or significant influence over the investee and were not quoted in an active market, also whose fair value could not be reliably measured were accounted for as long-term equity investments under the cost method.

After the implementation of Accounting Standard for Business Enterprises No. 2 — Long-term Equity Investments (Revised), the equity investments that the Group have no joint control or significant influence over the investee and are not quoted in an active market, also whose fair value cannot be reliably measured are accounted for as available-for-sale financial assets. The above changes in accounting policy have been applied retrospectively; please refer to the table below for the impact of such changes in accounting policy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(III) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATION (Continued)

30. Changes in significant accounting policies and accounting estimates (Continued)

30.1 Changes in accounting policies (Continued)

For changes in accounting policies described above, the entity has adjusted the opening balances of the financial statements retrospectively and restated the comparative financial statements. The impact of the above changes in accounting policies on assets, liabilities and shareholders' equity as at 1 January 2013 and 31 December 2013 is presented as follows:

	31 December 2013 (before restatement) <i>Unit: RMB</i>	Long-term equity investment <i>Unit: RMB</i>	31 December 2013 (after restatement) <i>Unit: RMB</i>
Available-for-sale financial assets	—	204,928.00	204,928.00
Long-term equity investments	1,598,462,198.92	(204,928.00)	1,598,257,270.92
Total amount of influence on stockholders' equity	1,598,462,198.92	—	1,598,462,198.92

	1 January 2013 (before restatement) <i>Unit: RMB</i>	Long-term equity investment <i>Unit: RMB</i>	1 January 2013 (after restatement) <i>Unit: RMB</i>
Available-for-sale financial assets	—	204,928.00	204,928.00
Long-term equity investments	1,678,402,125.96	(204,928.00)	1,678,197,197.96
Total amount of influence on stockholders' equity	1,678,402,125.96	—	1,678,402,125.96

In addition, the Group management believes that the adoption of other accounting standard has no material impact on the Group's financial statements.

The above accounting policy changes have been approved by the Group's board of directors. Except that, the Group has no other significant changes in accounting policies this year.

30.2 Change in accounting estimates

In order to reflect the Group's financial position and business management situation more accurately and reasonably, on 25 April 2014, the Company's 11th meeting of the third board of directors reviewed and approved the decision that, from 1 January 2014, the Group changes the provision policy of simple maintenance cost for Sandaozhuang mining area from RMB18 Yuan/ton to RMB15 Yuan/ton. The effect of the change in accounting estimate accounted for on a prospective basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(IV) TAXATION

1. Major categories of taxes and tax rates

Category of tax	Basis of tax computation	Tax rate
VAT	The Company is an ordinary Value- Added Tax payer. Value-added Tax ("VAT") on sales is paid after deducting input VAT on purchases.	Output VAT on sales is calculated at 17% on revenue according to the relevant requirement of tax laws. Gold related products are exempt from VAT.
Business tax	Taxable revenue	5%
City maintenance and construction tax	Actual turnover tax	For city urban area tax rate is 7%; For county town, tax rate is 5%; For other, tax rate is 1%.
Price adjustment fund	Actual turnover tax	1%
Resource tax	Raw ore production	12RMB/ton
Mineral resources compensation fee	Mineral sales revenue at current period	2%
Income tax	The income tax provision is calculated based on the accounting results for the year as adjusted in accordance with the relevant tax laws.	Note 1
Educational surtax and surcharge	Actual turnover tax	3%
Regional educational surtax and surcharge	Actual turnover tax	2%
Tariff	Export sales of the molybdenum iron, molybdenum oxide and rolling molybdenum plate, etc. during the current period.	Molybdenum-iron 20%; molybdenum oxide, ammonium molybdate, molybdate, molybdenum powder and unwrought molybdenum 5% -15%; Molybdenum ores and concentrates Molybdenum waste and scrap 15%
Australia goods and services tax ("GST")	Charge on selling price of most goods, services and other items sold or consumed in Australia. Companies can generally claim a credit for any GST included in the price they pay for things for their business. When companies export their goods, they do not need to charge GST, but they can claim back their GST paid.	Calculated at 10% on sales price of goods and services
Australia mining royalty	Royalties on minerals are either charged on a quantum or ad valorem basis. Quantum Royalty: Quantum royalties are levied on a production basis (i.e. a flat rate royalty is charge per unit of mineral recovered). Ad Valorem Royalty: Ad valorem royalties are levied at 4% of the total value of minerals recovered, or the ex-mine value.	4% ex-mine value

The Group's Rock gold ore is subject to RMB3 per ton or RMB5 per ton in accordance with the production of different level of crude ore.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(IV) TAXATION (Continued)

1. Major categories of taxes and tax rates (Continued)

Note 1: Applicable tax rate:

The applicable enterprise income tax rate for the Company and its domestic subsidiaries was 25%.

China Molybdenum (Hong Kong) Company Limited and CMOC Co., Ltd was incorporated in Hong Kong, thus was subject to Income Tax levied at a rate of 16.5%.

CMOC Mining Pty Limited and CMOC Mining Services Pty. Limited was incorporated in Australia in 2013, thus was subject to Income Tax levied at a rate of 30% in 2014.

2. Tax incentive and approval

On 1 July 2009, the Company was awarded a certificate by Henan Development and Reform Committee for producing powdered tungsten (scheelite concentrates), an act that was recognized as utilizing industrial waste. The certificate was valid from 1 July 2009 to 30 June 2013. On 26 June 2013, in accordance with the Notice from Henan Development and Reform Committee in relation to the issuance of List of Enterprises in Henan Province Engaging in Comprehensive Unitization of Resources in 2013 (First Batch), List of Enterprises Producing New Types of Wall Materials in 2013 (First Batch) and List of Enterprises Entitled to the Re-issuance of Certificates Due to Name Change (Yu Fa Gai Huan Ji [2013] No. 862) issued by Henan Development and Reform Committee, the certificate for recognizing the foregoing industrial product of the Company as a way of comprehensive unitization of resources which was supported by the National government was renewed. The renewed certificate is valid from 1 July 2013 to 30 June 2015. According to the relevant tax law, the Company recognized the 90% tax reduction of the revenue from selling powdered tungsten (scheelite concentrates) in the total taxable income.

Pursuant to the "Notice of Recognition of the 2014 First Batch of New and High Technology Enterprises in Henan Provinces" (Yuke [2015] No. 19) dated 25 Feb 2015, jointly issued by the Science and Technology Department of Henan Province, Finance Department of Henan Province, State Tax Bureau of Henan Province and Provincial Tax Bureau of Henan Province, the Company has passed the reexamination for new and high technology enterprises, the certificate number is GF201441000001. According to the provisions of Article 28 "Enterprise Income Tax Law of the People's Republic of China", the applicable income tax rates of the Company during 1 January 2014 to 31 December 2016 are 15%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Bank balances and cash

Unit: RMB

Item	Closing balance			Opening balance		
	Foreign currency	Exchange rate	Amount in RMB	Foreign currency	Exchange rate	Amount in RMB
Cash:			427,474.82			383,180.65
RMB	—	—	409,464.71	—	—	371,777.94
AU dollars	3,587.67	5.02	18,010.11	2,092.24	5.45	11,402.71
Bank balances:			774,353,569.89			1,704,200,049.68
RMB	—	—	296,057,190.66	—	—	1,230,049,261.97
US dollars	71,625,675.90	6.12	438,278,043.00	69,335,428.93	6.10	422,946,116.47
HK dollars	2,883,568.71	0.79	2,274,761.00	2,888,419.71	0.79	2,281,851.57
AU dollars	7,520,436.34	5.02	37,743,575.23	8,976,664.16	5.45	48,922,819.67
Other cash equivalents:			8,550,800,000.00			178,064,666.94
RMB	—	—	8,550,800,000.00	—	—	178,064,666.94
Total			9,325,581,044.71			1,882,647,897.27

The Group's other cash equivalents at year end as described above are all structured deposits, in which the structured deposits of a term more than 3 months are RMB3,700,000,000.00 (31 December 2013: Nil), the structured deposits of a term within 3 months are RMB4,850,800,000.00 (31 December 2013: RMB100,000,000.00); At year end, the Group has no pledged deposits for bank acceptance bills and letter of credit (31 December 2013: RMB56,524,625.47), no commodity futures margin (31 December 2013: RMB21,540,041.47). The above structured deposits shall not be deposited or withdrawn in advance during the deposit term.

As at 31 December 2013, RMB6,202,667.46 (31 December 2012: RMB41,195,739.86) was deposited in banks in Hong Kong, RMB465,151,496.70 (31 December 2012: RMB416,137,945.89) was deposited in banks in Australia.

2. Bills receivable

(1) Categories of bills receivable

Unit: RMB

Category	Closing balance	Opening balance
Bank acceptances	1,158,139,987.39	1,591,402,447.61
Total	1,158,139,987.39	1,591,402,447.61

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Bills receivable (Continued)

(2) Pledged bills receivable at year end

Unit: RMB

Item	Pledged amount at year end
Bank acceptance (note)	122,800,000.00
Total	122,800,000.00

Note: At year end bills are pledged for bank acceptances.

(3) Bills receivable that the company has endorsed or discounted at year end and have not yet expired on the balance sheet date

Unit: RMB

Category	Derecognition amount at year end	Un-recognition amount at year end
Bank acceptance	528,641,466.09	—
Total	528,641,466.09	—

(4) At year end and at the beginning of the year, the Group doesn't hold the bills which are converted into account receivable due to the drawers fail to performance.

(5) In 2014, the total bank acceptance discounted to the bank by the Group is RMB644,476,684.01 (2013: RMB400,000,000.00), get cash RMB638,828,079.47 (2013: RMB394,655,555.52). In 2014, the Group endorsed an aggregate of RMB238,268,518.82 (2013: RMB181,842,216.15) of bank acceptances to the other parties. As the interests rate risk and other major risks and returns related to these bank acceptances have been transferred to the bank or the other parties, the Group ceased to recognize discounted or endorsed bank acceptances.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Accounts receivable

(1) Disclosure of accounts receivable by categories:

Unit: RMB

Category	Closing balance				Opening Balance			
	Carrying balance		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Accounts receivable that are individually significant and separately calculate bad debt provision	833,070,811.37	94.88	4,229,626.57	0.51	727,482,654.45	87.61	4,229,626.57	0.58
Accounts receivables with combined bad debt provision according to the credit risk characteristics	44,979,808.67	5.12	22,462,144.05	49.94	102,907,712.98	12.39	20,480,997.92	19.90
Total	878,050,620.04	100.00	26,691,770.62	3.04	830,390,367.43	100.00	24,710,624.49	2.98

Explanations of categories of accounts receivable:

The Group determines that accounts receivable of more than RMB5,000,000 is considered as individually significant accounts receivable.

The Group normally allows credit period of no longer than 90 days to its trade customers, but a longer credit period is allowed for major customers.

Ageing analysis of accounts receivables is as follows:

Ageing	Opening balance				Closing balance			
	Amount	Proportion (%)	Bad debt provision	Carrying amount	Amount	Proportion (%)	Bad debt provision	Carrying amount
Within 1 year	817,539,018.89	93.11	—	817,539,018.89	754,642,158.64	90.88	—	754,642,158.64
More than 1 year but not exceeding 2 years	5,535,767.33	0.63	—	5,535,767.33	55,925,095.89	6.73	4,887,511.59	51,037,584.30
More than 2 years but not exceeding 3 years	35,844,426.72	4.08	7,560,363.52	28,284,063.20	10,995,975.09	1.32	10,995,9745.09	—
More than 3 years	19,131,407.10	2.18	19,131,407.10	—	8,827,137.81	1.07	8,827,137.81	—
Total	878,050,620.04	100.00	26,691,770.62	851,358,849.42	830,390,367.43	100.00	24,710,624.49	805,679,742.94

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Accounts receivable (Continued)

(1) Disclosure of accounts receivable by categories: (Continued)

Accounts receivable that are individually significant and separately calculate bad debt provision:

Unit: RMB

Accounts receivable (by company)	Accounts receivable	Closing balance		Reason for provision
		Bad debt provision	Proportion (%)	
Company A	8,669,251.49	4,229,626.57	48.79	Bad debt risk
Total	8,669,251.49	4,229,626.57		

Accounts receivables aging analysis for making bad debt provision in the portfolio:

Unit: RMB

Aging	Accounts receivable	Closing balance	
		Bad debt provision	Provision (%)
Within 2 years	22,517,664.62	—	—
More than 2 years	22,462,144.05	22,462,144.05	100.00
Total	44,979,808.67	22,462,144.05	49.94

(2) The amount of bad debt provision in this year is RMB3,536,303.72; written bank or reversed bad debt in this year is RMB1,499,135.69.

(3) Accounts receivable actually written off this year.

Unit: RMB

Item	Amount written off
Accounts receivable actually written off	56,021.90
Total	56,021.90

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Accounts receivable (Continued)

- (4) Top 5 entities with the largest balances of accounts receivable at the end of the year

Unit: RMB

Name of entity	Relationship with the Company	Amount	Aging	Proportion of the amount to the total account receivable (%)	Ending balance of bad debt provision
Company B	Third Party	140,851,547.88	Within one year	16.04	—
Company C	Third Party	131,101,209.32	Within one year	14.93	—
Company D	Third Party	82,772,734.82	Within one year	9.43	—
Company E	Third Party	66,622,613.63	Within one year	7.59	—
Company F	Third Party	38,096,421.16	Within one year	4.34	—
Total		459,444,526.81		52.33	—

- (5) There are no accounts receivable that have been derecognized during the reporting period.

4. Prepayments

- (1) Aging analysis of prepayments is as follows:

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	238,445,011.85	87.52	289,386,047.00	97.33
More than 1 year but not exceeding 2 years	33,539,926.51	12.31	3,149,040.56	1.06
More than 2 years but not exceeding 3 years	213,512.95	0.08	3,628,900.42	1.22
More than 3 years	251,869.60	0.09	1,181,955.55	0.39
Total	272,450,320.91	100.00	297,345,943.53	100.00

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Prepayments (Continued)

(2) Top 5 entities with the largest balances of prepayments at the end of the year

Unit: RMB

Name of entity	Relationship with the Company	Amount	Proportion of the amount to the total prepayments
Company B	Third Parties	170,791,621.98	62.69
Company G	Third Parties	30,000,000.00	11.01
Company H	Third Parties	16,670,669.50	6.12
Company I	Third Parties	3,873,706.54	1.42
Company J	Third Parties	3,696,534.10	1.36
Total		225,032,532.12	82.60

(3) Details of prepayments due from related parties refer to Note (X). 6.

5. Dividend receivable

(1) Dividend receivable

Unit: RMB

Investee	Closing balance	Opening balance
KUNYU (Note)	61,226,476.23	—
Total	61,226,476.23	—

Note: The Group at the end of this year disposed the 70% of the held interests of the KUNYU, details refer to Note (VI), and at year end, the dividend receivable is the declared unissued annual dividend of KUNYU of the years before.

(2) Significant dividend receivable with more than one years of age:

Unit: RMB

Investee	Closing balance	Aging	Reasons for not receiving	Whether impairment happens and its judgment basis
KUNYU	61,226,476.23	More than 1 year but not exceeding 2 years	Issuing time still in negotiation	No impairment, the Group is expected to withdraw the money in 2015
Total	61,226,476.23			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables

(1) Disclosure of other receivables by categories:

Unit: RMB

Category	Closing balance				Opening balance			
	Carrying balance Amount	Proportion (%)	Bad debt provision Amount	Proportion (%)	Carrying balance Amount	Proportion (%)	Bad debt provision Amount	Proportion (%)
Other receivables of individual amount is significant and subject to separate provision for bad debts	40,807,859.68	50.93	8,691,324.58	21.30	52,625,210.53	61.32	—	—
Other receivables with combined bad debt provision according to the credit risk characteristics	39,321,981.29	49.07	22,488,938.06	57.19	33,194,892.76	38.68	13,302,695.72	40.07
Total	80,129,840.97	100.00	31,180,262.64	38.91	85,820,103.29	100.00	13,302,695.72	15.50

Explanations of categories of other receivables:

The Group determines that other receivable of more than RMB5,000,000 is considered as individually significant other receivable.

Other receivables of individual amount is significant and subject to separate provision for bad debts at the end of the year:

Unit: RMB

Other receivables (by company)	Other receivables	Closing balance Bad debt provision	Proportion (%)	Reason for provision
Company K	8,898,798.17	4,449,399.09	50.00	Bad debt risk
Company L	8,483,850.98	4,241,925.49	50.00	Bad debt risk
Total	17,382,649.15	8,691,324.58	50.00	

Other receivables with use of aging analysis for making bad debts provision in the portfolio:

Unit: RMB

Aging	Other receivables	Closing balance Bad debt provision	Proportion (%)
Within 2 years	16,833,043.23	—	—
More than 2 years	22,488,938.06	22,488,938.06	100.00
Total	39,321,981.29	22,488,938.06	57.19

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

- (2) The amount of bad debt provision in this year is RMB18,765,395.23; recovered or reversed bad debt provision in this year is RMB779,752.62; Due to the change of scope in the Group, the amount reduced by RMB108,075.69.
- (3) The Group has no other receivables actually written off during the reporting period.
- (4) Other receivables listed by nature

Unit: RMB

Nature of other receivables	Closing carrying amount	Opening carrying amount
Receivable land-transferring fees refund	8,250,000.00	21,250,000.00
Deposit	5,000,000.00	—
Advance money for another	—	21,200,000.00
Others	66,879,840.97	43,370,103.29
Total	80,129,840.97	85,820,103.29

- (5) The largest 5 other receivables according to the arrears party at the end of the year

Unit: RMB

Name of entity	Relationship with the Company	Amount	Aging	Proportion of the amount to the total other receivables (%)	Closing balance of bad debt provision
Individual M (Note)	Third Party	10,175,210.53	More than two years	12.70	—
Company K	Third Party	8,898,798.17	Within two years	11.11	4,449,399.09
Company L	Third Party	8,483,850.98	Within two years	10.59	4,241,925.49
Company N	Third Party	8,250,000.00	More than two years	10.29	—
Company O	Third Party	5,000,000.00	Within two years	6.24	—
Total		40,807,859.68		50.93	8,691,324.58

Note: The balance is due from the then shareholder of Huqi.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

(6) There are no other receivables due from government's grants during the reporting time.

(7) Details of other receivables due from related parties refer to Note (X).6.

7. Inventories

(1) Categories of inventories

Item	Closing balance			Opening balance		
	Carrying balance	Provision for decline in value of inventories	Carrying amount (Note 1)	Carrying balance	Provision for decline in value of inventories	Carrying amount
Current:						
Raw materials	244,046,926.65	5,535,803.20	238,511,123.45	421,440,741.81	38,273,918.03	383,166,823.78
Work in progress	92,568,583.75	14,410,961.35	78,157,622.40	332,735,172.34	28,311,800.42	304,423,371.92
Finished goods	117,064,658.57	978,757.58	116,085,900.99	137,050,051.18	3,643,981.32	133,406,069.86
Subtotal	453,680,168.97	20,925,522.13	432,754,646.84	891,225,965.33	70,229,699.77	820,996,265.56
Non-current:						
Raw materials (Note 2)	307,737,812.71	—	307,737,812.71	334,515,072.36	—	334,515,072.36
Total	761,417,981.68	20,925,522.13	740,492,459.55	1,225,741,037.69	70,229,699.77	1,155,511,337.92

Note 1: The decrease of RMB15,981,237.81 in inventories resulted from the disposal of subsidiaries.

Note 2: Non-current raw materials are comprised of a stockpile of sulphide material from the Northparkes mine in Australia. According to the estimation of the management, the stockpile will not be sold until the scheduled extended shutdown period of the E48 ore body, which is planned to occur during 2024.

(2) Provision for decline in value of inventories

Categories of inventories	Closing carrying balance	Increase in the current year	Decreasing in the current year Reversal	Write-off	Opening Carrying balance
Raw materials	38,273,918.03	3,497,764.09	36,235,878.92	—	5,535,803.20
Work in progress	28,311,800.42	87,081,160.00	—	100,981,999.07	14,410,961.35
Finished goods	3,643,981.32	8,440,416.29	2,770,442.89	8,335,197.14	978,757.58
Total	70,229,699.77	99,019,340.38	39,006,321.81	109,317,196.21	20,925,522.13

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Banks' wealth investment product (Note 1)	2,337,292,164.39	1,528,001,380.14
Other entrusted wealth management via non-banking financial institutions	200,000,000.00	—
Entrusted Loan (Note 2)	—	150,000,000.00
Others	21,808,288.46	23,576,092.91
Total	2,559,100,452.85	1,701,577,473.05

Note 1: The Group purchased the bank-initiated structured financial plan. The management is of the view that the value of those banks wealth investment product and its risk of the Group are not significant compared with its carrying amount.

Note 2: It is provided for the joint venture Fuchuan by the Group in the previous year, and withdrawn in the current year.

9. Available-for-sale financial assets

(1) Details of available-for-sale financial assets are as follows:

Unit: RMB

Item	Carrying balance	Closing balance		Carrying amount	Carrying balance	Opening balance		Carrying amount
		Closing fair value	Closing carrying amount			Carrying balance	Closing fair value	
Available-for-sale equity instruments	4,928.00	—	4,928.00	204,928.00	—	—	204,928.00	
Measured as a fair value	—	—	—	—	—	—	—	
Measured as a cost value	4,928.00	—	4,928.00	204,928.00	—	—	204,928.00	
Total	4,928.00	—	4,928.00	204,928.00	—	—	204,928.00	

(2) Closing available-for-sale financial assets measured as a cost value

Unit: RMB

Investee	At the beginning of the current period	Carrying balance			At the end of the current period	Provision for impairment			At the end of the current period	Proportion of shareholding in the investee	Cash dividends for the period
		Increase in the current period	Decrease in the current period	At the end of the current period		Increase in the current period	Increase in the current period				
Henan Qianjin Dynamite Project Co., Ltd.	200,000.00	—	200,000.00	—	—	—	—	—	10.00	—	
Others	4,928.00	—	—	4,928.00	—	—	—	—	—	—	
Total	204,928.00	—	200,000.00	4,928.00	—	—	—	—	—	—	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Long-term equity investments

Unit: RMB

Investee	Note	Opening balance	Additional investment	Negative investment	The investment income recognized by Equity Law	Changes increase/(decrease)			Provision for impairment losses for the period	Closing balance (Note 5, 6)
						Adjustment of other comprehensive income	Changes of other equities	Declaration of cash dividends or profits		
I. Joint ventures										
Luoyang High Tech Molybdenum & Tungsten Materials Co., Ltd. ("High-Tech")		221,981,150.83	—	—	(10,215,827.48)	—	—	—	—	211,765,323.35
Xuzhou Huanju Molybdenum Co., Ltd. ("Huan Yu")	Note 1	1,222,303,604.30	—	—	(54,853,358.20)	—	—	—	—	1,167,450,246.10
Subtotal		1,444,284,755.13	—	—	(65,069,185.68)	—	—	—	—	1,379,215,569.45
II. Associates										
Luoyang Yulu Mining Co., Ltd. ("Yulu Mining")	Note 2	150,801,396.38	—	—	151,548,955.95	—	—	(197,000,000.00)	—	105,350,352.33
Shanghai Yuhua Molybdenum Co., Ltd. ("Yuhua Molybdenum")	Note 3	3,171,119.41	—	(3,157,974.57)	(13,144.84)	—	—	(197,000,000.00)	—	—
Caly Nanomoly Development, Inc. ("Nanomoly Development")	Note 4	—	—	—	—	—	—	—	—	—
Subtotal		153,972,515.79	—	(3,157,974.57)	151,535,811.11	—	—	(197,000,000.00)	—	105,350,352.33
Total		1,598,257,270.92	—	(3,157,974.57)	86,466,625.43	—	—	(197,000,000.00)	—	1,484,565,921.78

Note 1: Huan Yu, a joint venture of the Company, held 90% equity interests in Luoyang Fuchuan Mining Co., Ltd. ("Fuchuan"), meanwhile, the Group indirectly held 10% equity interests in Fuchuan through its subsidiary, Fukai. Therefore, the Group directly and indirectly held an aggregate of 55% equity interests in Fuchuan through Huan Yu.

There was a dispute existed on mining rights of Shangfanggou Mine, which is legally owned by Fuchuan. In 2012, the production and operation of those involving parties are all suspended. Subject to the notification issued by Luoyang Municipal People's Government in March 2013, Fuchuan and the counterparty reached an acquisition proposal and the counterparty agreed to quit from Shangfanggou mine area. Fuchuan was preparing to resume the production as at the reporting date.

Subject to an agreement with the local government, the local government is entitled a dividend payment in the amount to 8% of the annual net profit of Fuchuan, the Group is effectively entitled 47% of the annual net profit (loss) of Fuchuan.

Note 2: According to the result of Yulu Mining's 2007 annual general meeting, both investors would share the net profit at the ratio of 1:1 since year 2008. Therefore, the Group holds 40% equity interest in Yulu Mining but recognizes investment income of 50% out of its net profit.

Note 3: Yuhua Molybdenum was agreed the deregistration by board resolution on 21 December 2012, and completed in 2014.

Note 4: The group has a 40% interest of Nanomoly Molybdenum and recognizes relevant investment income under equity method. According to the articles of association of Nanomoly Molybdenum, the Group does not assume additional obligations for the excess loss. By the end of this year, the Group's investment on Nanomoly Molybdenum has been down to zero.

There is no significant limits exist regarding cash realization and investment income repatriation from these associates.

The entities invested by the Group are all non-listed entities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Fixed assets

(1) Fixed assets

Unit: RMB

Item	Buildings and mining structures	Machinery equipment	Electronic equipment, fixture and furniture	Transportation device	Total
I. Total original carrying amount:					
1. Opening balance	5,774,761,810.68	2,271,421,188.49	184,651,951.48	159,826,973.82	8,390,661,924.47
2. Increase of amount in the current year	73,385,240.63	283,521,022.34	3,457,912.06	2,123,459.16	362,487,634.19
(1) Purchase	42,606,550.39	45,404,497.75	1,564,988.38	2,072,506.59	91,648,543.11
(2) Construction in progress transfer	30,778,690.24	238,116,524.59	1,892,923.68	50,952.57	270,839,091.08
3. Decrease of amount in the current year	470,990,919.24	160,162,063.38	12,763,915.98	9,446,337.67	653,363,236.27
(1) Disposal or scrap	56,946,588.34	71,126,234.77	1,295,980.67	2,079,920.21	131,448,723.99
(2) Decrease for sale of subsidiary	414,044,330.90	89,035,828.61	11,467,935.31	7,366,417.46	521,914,512.28
4. Reclassification	44,724,994.27	(51,040,345.82)	—	6,315,351.55	—
5. Foreign currency exchange differences	(20,476,590.71)	(121,071,267.10)	—	—	(141,547,857.81)
6. Closing balance	5,401,404,535.63	2,222,668,534.53	175,345,947.56	158,819,446.86	7,958,238,464.58
II. Accumulated depreciation					
1. Opening balance	1,471,366,886.44	802,202,982.31	105,850,072.99	131,970,842.56	2,511,390,784.30
2. Increase of amount in the current year	355,337,556.63	234,752,927.61	15,204,651.96	7,054,310.22	612,349,446.42
(1) Provision	355,337,556.63	234,752,927.61	15,204,651.96	7,054,310.22	612,349,446.42
(2) Construction in progress transfer	—	—	—	—	—
3. Decrease of amount in the current year	80,200,598.09	55,299,234.34	5,512,142.41	7,149,918.55	148,161,893.39
(1) Disposal or scrap	2,071,223.67	24,712,283.50	510,428.61	1,815,299.63	29,109,235.41
(2) Decrease for sale of subsidiary	78,129,374.42	30,586,950.84	5,001,713.80	5,334,618.92	119,052,657.98
4. Foreign currency exchange differences	(19,452,693.57)	(9,879,787.84)	—	—	(29,332,481.41)
5. Closing balance	1,727,051,151.41	971,776,887.74	115,542,582.54	131,875,234.23	2,946,245,855.92
III. Provision for impairment					
1. Opening balance	—	2,966,254.30	—	—	2,966,254.30
2. Increase of amount in the current year	9,087,783.62	16,436,296.34	—	—	25,524,079.96
(1) Provision	9,087,783.62	16,436,296.34	—	—	25,524,079.96
(2) Construction in progress transfer	—	—	—	—	—
3. Decrease of amount in the current year	—	—	—	—	—
(1) Disposal or scrap	—	—	—	—	—
(2) Decrease for disposal of subsidiary	—	—	—	—	—
4. Foreign currency exchange differences	—	—	—	—	—
5. Closing balance	9,087,783.62	19,402,550.64	—	—	28,490,334.26
IV. Carrying amount					
1. Closing carrying amount	3,665,265,600.60	1,231,489,096.15	59,803,365.02	26,944,212.63	4,983,502,274.40
2. Opening carrying amount	4,303,394,924.24	1,466,251,951.88	78,801,878.49	27,856,131.26	5,876,304,885.87

In the end of the year, there is no fixed asset is used as collateral.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Fixed assets (Continued)

(2) The temporary idle fixed assets

Unit: RMB

Item	The original carrying amount	Accumulated depreciation	Provision for impairment	Net carrying amount
Closing balance:	372,020,876.16	104,312,005.76	28,490,334.26	239,218,536.14
Buildings	193,185,499.80	35,719,438.69	9,087,783.62	148,378,277.49
Machinery equipment	176,193,708.77	67,210,950.76	19,402,550.64	89,580,207.37
Electronic equipment, fixture and furniture	264,622.35	106,373.88	—	158,248.47
Transportation device	2,377,045.24	1,275,242.43	—	1,101,802.81

In the end of this year, the idle fixed assets of the Group mainly comprise the fixed assets accounted to the subsidiary Luoyang Yongning Gold & Lead smelt Co., Ltd. ("Yongning"). Since June 2014, Yongning had been in the state of shutdown maintenance. Considering that part of the assets can't meet the needs of future production, the management made provision for impairment of the related assets, on the basis of choosing the lower one between the carrying amount and the recoverable amount.

- (3) In the beginning and the end of this year, there is no fixed asset leased under finance leases in the Group.
- (4) In the beginning and the end of this year, there is no fixed asset leased out under operating leases in the Group.
- (5) Details of the fixed assets without certificate of titles

Unit: RMB

Item	Carrying amount	The reason of not completing the certificate of title
Oxygen bottom blowing workshop	7,095,283.19	not completion settlement yet
Oxygen station and main buildings in the plant	5,636,414.04	not completion settlement yet
Sulfuric acid complex building	9,056,898.51	not completion settlement yet
Others	40,375,257.60	not completion settlement yet
Total	62,163,853.34	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Construction in progress

(1) Situation of construction in progress:

Unit: RMB

Item	Closing balance			Carrying balance	Opening balance Provision for impairment	Net carrying amount
	Carrying balance	Provision for impairment	Net carrying amount			
Tailings dam project of No.3 Ore Processing Plant	3,465,185.23	—	3,465,185.23	1,750,889.25	—	1,750,889.25
Tailings dam project of No.2 Ore Processing Plant	50,399,293.50	—	50,399,293.50	51,119,293.50	—	51,119,293.50
Exploration project of KUNYU	—	—	—	56,292,165.78	—	56,292,165.78
Molybdenum project in East Gobi, Hami, Xinjiang	72,633,881.30	—	72,633,881.30	72,091,181.30	—	72,091,181.30
Nanyuan construction project of International Hotel	—	—	—	102,476,200.85	—	102,476,200.85
Northparkes E48 mine redevelopment project	2,761,231.72	—	2,761,231.72	41,168,641.43	—	41,168,641.43
Northparkes E48 mine northern extension project	151,559,873.86	—	151,559,873.86	53,030,417.45	—	53,030,417.45
Others	91,705,177.92	—	91,705,177.92	115,658,130.08	—	115,658,130.08
Total	372,524,643.53	—	372,524,643.53	493,586,919.64	—	493,586,919.64

(2) Changes in significant construction in progress:

Unit: RMB

Name of project	Budget amount	Opening amount	Increase in the current year	Transfer to fixed assets	Decrease for disposal of subsidiary	Other decreases	Foreign currency exchange differences	Closing amount	Amount injected as a proportion of budget amount (%)	Amount of accumulated capitalized interest	Including: capitalized interest for the year	Capital resources
Tailings dam project of No.3 Ore Processing Plant	50,000,000.00	1,750,889.25	1,714,295.98	—	—	—	—	3,465,185.23	69	—	—	Funds in hand
Tailings dam project of No.2 Ore Processing Plant	90,000,000.00	51,119,293.50	329,554.59	1,049,554.59	—	—	—	50,399,293.50	98	—	—	Funds in hand
Headquarter Mining No.3	88,130,000.00	7,308,262.41	63,609,446.13	70,917,708.54	—	—	—	—	100	—	—	Funds in hand
Exploration project of KUNYU	210,000,000.00	56,292,165.78	4,781,581.85	—	61,073,747.63	—	—	—	83	—	—	Funds in hand
Molybdenum project in East Gobi, Hami, Xinjiang	2,849,000,000.00	72,091,181.30	542,700.00	—	—	—	—	72,633,881.30	1	—	—	Funds in hand
Nanyuan construction project of International Hotel	242,000,000.00	102,476,200.85	—	—	80,218,375.97	22,257,824.88	—	—	73	—	—	Funds in hand
Northparkes E48 mine redevelopment project	104,540,000.00	41,168,641.43	16,760,643.18	55,266,309.68	—	—	98,256.79	2,761,231.72	44	—	—	Funds in hand
Northparkes E48 mine northern extension project	148,209,000.00	53,030,417.45	98,135,621.74	—	—	—	393,834.67	151,559,873.86	82	—	—	Funds in hand
Others	—	108,349,867.67	133,560,223.02	143,605,518.27	6,772,097.00	—	172,702.50	91,705,177.92	—	—	—	Funds in hand
Total	3,781,879,000.00	493,586,919.64	319,434,066.49	270,839,091.08	148,064,220.60	22,257,824.88	664,793.96	372,524,643.53	—	—	—	—

No impairment losses have been provided for construction in progress as at 31 December 2014 as there is no any indication that construction in progress maybe impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Intangible assets

Details of intangible assets

Unit: RMB

Item	Land use rights	Mining rights	Others	Total
I. Total original carrying amount:				
1. Opening balance	692,757,855.16	4,029,150,117.18	19,773,669.82	4,741,681,642.16
2. Increase of amount in the current year	—	32,987,569.42	4,128,698.89	37,116,268.31
(1) Purchase	—	32,987,569.42	4,128,698.89	37,116,268.31
3. Decrease of amount in the current year	223,908,725.73	187,823,521.00	260,750.00	411,992,996.73
(1) Disposal or scrap	349,500.00	—	—	349,500.00
(2) Decrease for sale of subsidiary	223,559,225.73	187,823,521.00	260,750.00	411,643,496.73
4. Foreign currency exchange differences	—	9,007,811.12	—	9,007,811.12
5. Closing balance	468,849,129.43	3,883,321,976.72	23,641,618.71	4,375,812,724.86
II. Accumulated depreciation				
1. Opening balance	67,365,252.93	244,620,460.35	3,796,193.50	315,781,906.78
2. Increase of amount in the current year	16,502,255.52	178,745,922.68	1,927,551.26	197,175,729.46
(1) Provision	16,502,255.52	178,745,922.68	1,927,551.26	197,175,729.46
3. Decrease of amount in the current year	13,094,408.50	39,782,900.61	1,060,561.48	53,937,870.59
(1) Disposal or scrap	69,900.00	—	—	69,900.00
(2) Decrease for sale of subsidiary	13,024,508.50	39,782,900.61	1,060,561.48	53,867,970.59
4. Foreign currency exchange differences	—	954,880.76	—	954,880.76
5. Closing balance	70,773,099.95	384,538,363.18	4,663,183.28	459,974,646.41
III. Provision for impairment				
1. Opening balance	—	—	—	—
2. Increase of amount in the current year	—	—	—	—
(1) Provision	—	—	—	—
3. Decrease of amount in the current year	—	—	—	—
(1) Disposal or scrap	—	—	—	—
(2) Decrease for disposal of subsidiary	—	—	—	—
4. Foreign currency exchange differences	—	—	—	—
5. Closing balance	—	—	—	—
IV. Carrying amount				
1. Opening carrying amount	398,076,029.48	3,498,783,613.54	18,978,435.43	3,915,838,078.45
2. Closing carrying amount	625,392,602.23	3,784,529,656.83	15,977,476.32	4,425,899,735.38

At the end of the year, there is no land use rights is used as collateral.

The land use rights are under medium term lease and were acquired with the lease period of 50 years and were situated in the PRC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Long-term deferred expenses

Unit: RMB

Item	Opening balance	Increase in the current year	Amortization amount in the current year	Transfer-out for the disposal of subsidiary	Closing balance
Relocation compensation (Note 1)	75,164,782.86	216,466.27	6,344,694.25	—	69,036,554.88
Geological Museum project (Note 2)	29,400,000.00	—	600,000.00	—	28,800,000.00
Others	23,952,864.77	1,443,185.82	6,170,643.76	1,840,179.41	17,385,227.42
Total	128,517,647.63	1,659,652.09	13,115,338.01	1,840,179.41	115,221,782.30

Note 1: The Company paid the relocation compensation fees to the villagers around the areas of tailing dams.

Note 2: According to the Geological Museum use right agreement signed by Luanchuan Finance Bureau and the Company on 18 December 2012, the Company would be allocated with 2,000 square meters showroom area in the Geological Museum for promoting the Company's product for 50 years from 1 January 2013.

15. Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets that are not offset

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for asset impairment	45,866,271.06	8,920,561.90	35,936,809.45	6,769,861.78
Deductible losses	417,726,219.30	104,431,554.83	177,020,755.06	44,255,188.77
Unrealized profit	117,017,624.28	29,254,406.06	126,247,666.48	31,561,916.62
Deferred income of government grant	31,158,798.16	4,673,819.72	30,759,736.80	4,613,960.52
Changes in fair value	2,362,130.00	354,319.50	4,235,220.00	635,283.00
Accrued expenses	672,088,799.27	176,936,609.20	205,692,494.14	34,986,798.18
Losses on disposal of fixed assets without filling	23,403,398.76	3,510,509.82	23,403,398.76	3,510,509.81
Acquisition cost to be deferred (Note)	—	—	292,155,246.80	87,646,574.04
Total	1,309,623,240.83	328,081,781.03	895,451,327.49	213,980,092.72

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Deferred tax assets/deferred tax liabilities (Continued)

(2) *Deferred tax liabilities that are not offset.*

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Fair value adjustment of business combinations not involving enterprises under common control (Note)	—	—	274,485,768.27	73,960,296.47
Accrued interest income	135,044,020.29	20,256,603.04	—	—
Total	135,044,020.29	20,256,603.04	274,485,768.27	73,960,296.47

Note: In 2014, according to affirmation of the tax authorities of New South Wales, Australia in 2013, acquisition costs should be used as tax base of acquired assets, so the Group carry forward acquisition costs and the deferred income tax generated by the fair value adjustment of business combinations not involving enterprises under common control at the same time.

(3) *Deferred tax assets or deferred tax liabilities that are presented at the net amount after offset*

Unit: RMB

Item	Closing set-off amount of deferred tax assets and deferred tax liabilities	Closing balance of deferred tax assets and deferred tax liabilities after offset	Opening balance of deferred tax assets and deferred tax liabilities after offset	Opening balance of deferred tax assets and deferred tax liabilities after offset
	Deferred tax assets	328,081,781.03	307,825,177.99	213,980,092.72
Deferred tax liabilities	20,256,603.04	—	73,960,296.47	—

This year, during the changes of deferred tax assets, there was a decrease of RMB4,048,623.42 due to disposals of subsidiaries and an increase of RMB297,040.46 due to foreign currency exchange.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Deferred tax assets/deferred tax liabilities (Continued)

(4) Details of unrecognized deferred tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible losses	748,351,590.68	433,775,403.61
Deductible temporary difference	5,809,920.40	84,893,908.82
Subtotal	754,161,511.08	518,669,312.43

Note: Deductible temporary differences and deductible losses for which deferred tax assets are not recognized due to uncertainty whether sufficient taxable profits will be available in the future shall be presented.

(5) Deductible losses, for which no deferred tax assets are recognised, will expire in the following years

Unit: RMB

Year	Closing balance	Opening balance
2014	—	17,218,082.22
2015	526,051.23	8,800,651.42
2016	21,398,604.86	29,272,505.09
2017	92,785,422.31	122,704,761.04
2018	215,603,473.47	219,984,162.56
2019	325,281,710.47	—
No maturity	92,756,328.34	35,795,241.28
Subtotal	748,351,590.68	433,775,403.61

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Other non-current assets

Unit: RMB

Item	Closing balance	Opening balance
Prepaid land funds (Note 1)	8,659,900.00	8,659,900.00
More than one year time deposit (Note 2)	1,717,165,520.29	1,641,635,056.42
Prepaid water fee (Note 3)	63,000,000.00	63,000,000.00
Others	13,973,523.63	15,917,290.30
Total	1,802,798,943.92	1,729,212,246.72

Note 1: Prepayments for land compensation fee and acquisition.

Note 2: This amount included principal of RMB1,629,937,500.00 (the end of last year: RMB1,629,937,500.00) and the interest of RMB87,228,020.29 (the end of last year: RMB11,697,556.42), among which, the principal of RMB531,975,000.00 of 3-year time deposit was pledged to USD306,000,000.00 (equivalent to RMB1,872,414,000.00) of long-term borrowings of CMOC, the principal of RMB797,962,500.00 of 5-year time deposit was pledged to USD219,500,000.00 (equivalent to RMB1,343,120,500.00) of long-term borrowings of CMOC Mining Pty Limited and the principal of RMB300,000,000.00 was the Company's general deposit account.

Note 3: Prepayment for water fees by the subsidiary Xinjiang Luomu.

17. Short-term borrowings

(1) Categories of short-term borrowings:

Unit: RMB

Item	Closing balance	Opening balance
Secured loans	—	96,776,205.10
Fiduciary loan	305,950,000.00	127,568,106.88
Total	305,950,000.00	224,344,311.98

(2) At the end of this year, there were no outstanding short-term borrowings of the Group that were overdue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Financial liabilities at fair value through profits and losses

Unit: RMB

Item	Closing fair value	Opening fair value
1. Derivative financial liabilities not designated as hedging instruments	44,751,300.00	61,159,170.00
– Commodity futures contracts (Note 1)	—	288,750.00
– Commodity forward contracts (Note 2)	44,751,300.00	60,870,420.00
2. Gold lease liabilities measured at fair value (Note 2)	953,939,350.00	296,092,800.00
Total	998,690,650.00	357,251,970.00

Note1: The Group minimizes its risk exposure of fluctuations in the metal market price of Lead, Gold and Silver, by using future purchase contracts of lead concentrates against future sales contract of electrolytic lead and anode mud. Changes in the fair value of the Commodity futures contracts that are not designated as hedging instrument are recognised in profit or loss immediately.

Note2: The Group entered into a gold commodity lease agreement with the bank for financing purpose. According to agreement, the Group leased gold from the bank, which was permitted to be sold to third parties during the lease period, and the Group was obliged to return gold with same quality and weight to the bank when the lease expired. The obligation to return the gold is recognised as financial liability. The Group manage its risk exposure to gold return obligation arising from fluctuation of gold market price, by using gold forward contract that are not designated as hedging instrument, and changes in the fair value of the gold forward contract are recognised in profit or loss immediately.

19. Bills payable

Unit: RMB

Category	Closing balance	Opening balance
Bank acceptances	156,900,000.00	27,910,000.00
Total	156,900,000.00	27,910,000.00

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. Accounts payable

(1) Accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Payables for purchase of goods	192,793,812.46	197,385,526.41
Total	192,793,812.46	197,385,526.41

(2) Aging analysis on accounts payable is set out as follows:

Unit: RMB

Item	Closing balance	Opening balance
Within 1 year	179,843,245.66	188,066,861.47
1-2 years	5,722,872.75	2,562,561.42
Over 2 years	7,227,694.05	6,756,103.52
Total	192,793,812.46	197,385,526.41

21. Receipts in advance

(1) Details of receipts in advance are as follows

Unit: RMB

Item	Closing balance	Opening balance
Sales of goods	76,780,913.29	61,827,310.76
Total	76,780,913.29	61,827,310.76

(2) At the end of this year, the Group had no important receipts in advance aging for more than a year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Employee benefits payable

(1) Details of employee benefits payable are as follows

Unit: RMB

Item	Opening balance	Increase in the current year	Decrease in the current year	Foreign currency exchange differences	Closing balance
1. Short-term compensation	120,525,377.75	602,863,774.16	614,990,233.08	35,014.94	108,433,933.77
2. Retirement benefits-defined contribution plans	258,042.00	76,984,471.26	77,015,701.57	—	226,811.69
3. Others (Note)	26,131,181.80	7,904,465.87	5,018,697.68	99,940.83	29,116,890.82
Total	146,914,601.55	687,752,711.29	697,024,632.33	134,955.77	137,777,636.28

Note: The related liabilities for annual Leave and long service leave are provided by Australian subsidiaries of the Group which are expected to be paid within twelve months.

The decrease for the current period consists of a decrease of RMB5,140,854.92 on the disposal of a subsidiary.

(2) Details of short-term compensation are as follows

Unit: RMB

Item	Opening balance	Increase in the current year	Decrease in the current year	Foreign currency exchange differences	Closing balance
I. Wages or salaries, bonuses, allowances and subsidies	108,127,539.70	505,358,474.52	517,022,103.26	35,014.94	96,498,925.90
II. Staff welfare	2,600.00	36,921,682.29	36,621,971.44	—	302,310.85
III. Social security contributions	201,362.15	24,673,222.01	24,620,084.07	—	254,500.09
Among which: Medical insurance	116,484.50	16,784,260.96	16,763,904.14	—	136,841.32
Maternity insurance	9,864.54	2,476,060.27	2,468,711.42	—	17,213.39
Work injury insurance	75,013.11	5,412,900.78	5,387,468.51	—	100,445.38
IV. Housing funds	34,131.72	27,786,905.89	27,681,012.77	—	140,024.84
V. Termination benefits	—	—	—	—	—
VI. Labor union and staff education fund	12,159,744.18	8,123,489.45	9,045,061.54	—	11,238,172.09
Total	120,525,377.75	602,863,774.16	614,990,233.08	35,014.94	108,433,933.77

There is no overdue amount and non-currency welfare of employee benefits payable and is expected to paid out in 2015.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Employee benefits payable (Continued)

(3) Retirement benefits — defined contribution plans

Item	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
1. Basis pension insurance	226,508.41	71,183,760.76	71,205,706.59	204,562.58
2. Unemployment insurance	31,533.59	5,800,710.50	5,809,994.98	22,249.11
Total	258,042.00	76,984,471.26	77,015,701.57	226,811.69

According to the regulations of the insurance plan set up by the government institutions, the Group provide the pension insurance, unemployment insurance for the staff of the Group, respectively, according to the employee basic wage or a certain proportion of local minimum wage, the Group monthly pay expenses to the plan. Apart from the above monthly pay cost, the Group no longer bear the further payment obligation. Corresponding expenses are recorded into the profits and losses of the current or the cost of the related assets.

In this year, the Group should pay RMB71,183,760.76 and RMB5,800,710.50 (2013: RMB51,910,470.74 and RMB4,301,209.93) for endowment insurance, and unemployment insurance plan. As at 31 December 2014, the Group has RMB204,562.58 and RMB22,249.11 (31 December 2013: RMB226,508.41 and RMB31,533.59) to be the expense payable for the endowment insurance and unemployment insurance plan during the period of this report. Concerned expenses payable have been paid out after the reporting period.

23. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance
Enterprise income tax	214,751,769.31	(67,716,300.67)
City construction and maintenance tax	1,175,353.78	930,948.03
Value added tax	(50,360,485.50)	(52,662,486.21)
Resource tax	18,490,856.01	17,870,641.34
Mineral resources compensation fee	14,337,412.80	18,224,798.29
Price adjustment fund	531,791.11	489,721.86
Education surtax	1,393,034.84	1,270,288.77
Others	7,469,467.12	18,032,912.75
Total	207,789,199.47	(63,559,475.84)

24. Interests Payable

Unit: RMB

Item	Closing balance	Opening balance
Interests on medium-term notes with periodic payments of interest and return of principal at maturity (Note)	41,144,109.59	41,166,666.65
Interests on bank loans	3,905,065.58	14,567,268.59
Interests on convertible bond (Note)	2,013,698.63	—
Total	47,062,873.80	55,733,935.24

Note: Details refer to Note (V). 30.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

25. Dividends payable

Unit: RMB

Name of entity	Closing balance	Opening balance
Luanchuan Taifeng Industry and Trading Co., Ltd.(Note)	6,623,109.24	7,603,109.24
Luanchuan Hongji Mining Co., Ltd. (Note)	15,943,017.89	16,923,017.89
Luanchuan Chengzhi Mining Co., Ltd. (Note)	5,319,669.54	6,319,669.54
Luoning Funiu Mining Development Center (Note)	—	21,866,598.66
China Gold Henan Company (Note)	—	4,373,319.73
Total	27,885,796.67	57,085,715.06

Note: Minority shareholders of subsidiaries.

26. Other payables

(1) Other payables are listed based on the nature of money

Unit: RMB

Item	Closing balance	Opening balance
Project and equipment payment	118,028,375.16	193,134,375.05
Unpaid stamp duty arising from acquisition of mineral rights in Australia	—	131,158,843.62
Others	135,285,388.91	243,920,911.59
Total	253,313,764.07	568,214,130.26

(2) Other important payables of aging over 1 year

Unit: RMB

Item	Closing balance	Reason for amount outstanding or deferred forward
Provisionally estimated project funds for 30000 tons of opencast working	15,866,380.59	The project has not been completed
Land compensatory funds	25,071,300.65	Land compensation is carried out gradually
Total	40,937,681.24	

(3) Details of other payables due from related parties refer to Note (X). 6.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

27. Non-current liabilities due within one year

Unit: RMB

Item	Closing balance	Opening balance
Payable for acquisition of exploration assets in Hami, Xinjiang (Note)	45,848,085.68	146,000,000.00
Deferred income due within one year (Note (V). 32)	12,314,388.96	832,567.70
Long-term borrowings due within one year (Note (V). 29)	520,115,000.00	243,876,000.00
Total	578,277,474.64	390,708,567.70

Note: Pursuant to the Transfer Agreement, Xinjiang Luomu, a non-wholly owned subsidiary of the Company agreed to acquire, the Exploration Assets of molybdenum general prospecting and exploration in East Gobi, Hami, Xinjiang (License number: T65120080602009571) from Henan Provincial Bureau of Exploration and Development of Geology and Mineral Resource, the consideration is RMB1.036 billion, of which RMB0.39 billion was set off against the considerations as the additional capital contributions from the minority shareholder. By 31 December 2014, Xinjiang Luomu had paid the first installment of RMB0.6 billion. Residual funds are expected to be paid off within one year.

28. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Accrued expenses	16,651,701.67	20,202,200.99
Total	16,651,701.67	20,202,200.99

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

29. Long-term borrowings

(1) Categories of long-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Secured loans with securities under the custody of lenders	3,215,534,500.00	3,325,858,950.00
Unsecured and non-guaranteed loans	1,465,500,500.00	1,582,145,550.00
Less: long-term borrowings due within one year	520,115,000.00	243,876,000.00
Total	4,160,920,000.00	4,664,128,500.00

As at 31 December 2014, the annual interest rates of the above borrowings ranged from 2.45% to 2.70%. (31 December 2013: 2.44% to 2.69%).

As at 31 December 2014, there is no long-term borrowing resulting from an extension of repayment date of an overdue borrowing.

(2) Top five long-term borrowings

Unit: RMB

Lending party	Inception date of borrowing	Maturity date	Currency	Interest rate (%)	Closing balance		Opening balance	
					Amount in foreign currency	Amount in domestic currency	Amount in foreign currency	Amount in domestic currency
Bank P	November 2013	November 2016	US dollars	3 months LIBOR+220BPS	306,000,000.00	1,872,414,000.00	306,000,000.00	1,865,651,400.00
Bank Q	November 2013	November 2018	US dollars	3 months LIBOR+245BPS	239,500,000.00	1,465,500,500.00	259,500,000.00	1,582,145,550.00
Bank R	November 2013	November 2018	US dollars	3 months LIBOR+245BPS	219,500,000.00	1,343,120,500.00	239,500,000.00	1,460,207,550.00
Total						4,681,035,000.00		4,908,004,500.00

30. Bonds payable

(1) Bonds payable

Item	Closing balance	Opening balance
Medium term note	2,000,000,000.00	2,000,000,000.00
Convertible bonds	3,438,722,886.26	—
Total	5,438,722,886.26	2,000,000,000.00

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30. Bonds payable (Continued)

(2) Increase or decrease of bonds payable

Unit: RMB

Name	Par value	Issue date	Maturity	Issue amount	Opening interest payable	Accrued interest for the year	Interest Based on Face Value	Interests paid during the year	Closing interest payable	Amortization of Premium and Discount
12 CMOC MTN1(Note)	2,000,000,000.00	2 August 2012	5 years	2,000,000,000.00	2,000,000,000.00	—	98,800,000.00	98,800,000.00	41,144,109.59	—
Convertible bonds	4,900,000,000.00	2 December 2014	6years	4,900,000,000.00	—	3,416,658,967.91	2,013,698.63	—	2,013,698.63	22,063,918.35
Total	6,900,000,000.00			6,900,000,000.00	2,000,000,000.00	3,416,658,967.91	100,813,698.63	98,800,000.00	43,157,808.22	22,063,918.35

Note: On 2 August 2012, the Company issued a medium-term notes with a principal of RMB2 billion ("12 CMOC MTN1") and registered in the National Association of Financial Market Institutional Investors. The proceeds from the medium-term note are used for supplement of the Company and its subsidiaries' working capital operating funds and repayment of bank borrowings. The medium-term note issued on nominal interest rate of 4.94% per annum and the term of the note was 5 years. Interest shall be paid annually. Interests payable refer to Note (V). 24.

(3) Issue, conversion term and time and other descriptions of convertible bonds

On 2 December 2014, approved by China Securities Regulatory Commission, the Company issued convertible bonds with principle amount of RMB4.9 billion and the net amount of raised funds after the deduction of issuance expenses was RMB4,843,547,956.20.

Name	Issue date	Issue amount	Par interest rate	Value date	Due date	Circulation date	Issue amount
CMOC Convertible bond	2 December 2014	RMB100	Increasing interest rates	2 December 2014	1 December 2020	16 December 2014	RMB4.9 billion

The term of the convertible bonds was 6 years and coupon rate from the first to sixth year is 0.50%, 0.70%, 0.90%, 1.20%, 1.80% and 2.40% respectively. Interest shall be paid annually. The commencement date and deadline of transferring shares were from the first trading day after six months from the issue of convertible bonds to the due date of convertible bonds.

The initial conversion price of convertible bonds was RMB8.78/share and the conversion price of convertible bonds would be adjusted accordingly when bonus issue, issuing additional new shares, transferring shares and dividends happened.

Within 5 trading days after expiration of issued convertible bond, the company would redeem convertible liabilities of all unconverted bonds from bondholders at the price of 108% par value of the issued convertible bond (including annual interest rate of the last period).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30. Bonds payable (Continued)

(3) Issue, conversion term and time and other descriptions of convertible bonds (Continued)

If the closing price of the Company's stocks had not been above 85% of conversion price for at least 15 business days in the 30 business days during the duration of the currently issued convertible bonds, the board of directors had the right to proposed a revised plan for a down-side conversion price and submitted it to related stockholders meeting for vote.

If the closing price of the Company's stocks had not been below 130% (including 130%) of down-side conversion price for at least 15 business days in the 30 business days during the duration of the currently issued convertible bonds, the Company had the right to redeem them based on 103% of par value of bonds (including the interest in current interest accrual year). The redemption could be carried out after the redemption conditions were met at the first time and if it was not conducted at the first time, the redemption right could not be exercise in this interest accrual year.

If the company's closing price had been below 70% of conversion price for 30 business days since the third interest accrual year, the holders of convertible bond had the right to sell their part or all convertible bonds to the Company based on the 103% of par value (including the current interest). The holders of convertible bond could sell in any interest accrual years after the selling conditions were met. But, if the sale was not conducted at the first time, the sale right could not be exercise this interest accrual year.

If the use of raised funds was greatly different from the commitment by the Company in prospectus during the duration of the currently issued convertible bonds, which is considered the change in the use of raised funds according to relevant provisions of China Securities Regulatory Commission or deemed change in use of the raised funds by China Securities Regulatory Commission, the holders had the right to sell their part or all convertible bonds to the Company based on the 103% of par value (including the current interest).

Liabilities (including closely related embedded derivative) and equity of the above issued convertible bonds were parted as follows:

	Liabilities	Equity	Total
Issue value of convertible bonds	3,456,480,475.00	1,443,519,525.00	4,900,000,000.00
Direct transaction expenses	(39,821,507.09)	(16,630,536.71)	(56,452,043.80)
Balance at issue date	3,416,658,967.91	1,426,888,988.29	4,843,547,956.20
Amortization	22,063,918.35	—	22,063,918.35
Balance on 31 December 2014 (note V, 34)	3,438,722,886.26	1,426,888,988.29	4,865,611,874.55

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31. Provision

Unit: RMB

Item	Closing balance	Opening balance
Provision for restoration, rehabilitation and environmental costs (Note 1)	47,570,371.67	47,570,371.67
Close down and restoration costs (Note 2)	233,379,437.11	195,942,837.97
Total	280,949,808.78	243,513,209.64

Note 1: Pursuant to the "Notice of Matters related to Revision on Fee Standards for Restoration, Rehabilitation and Environmental Costs" (Yufagai shoufei [2006] No. 1263), jointly issued by Henan Development and Reform Commission and the Finance Department of Henan Province, the Company is obliged to accrue the cost for land reclamation and mine closures for the Company's existing mines. The provision for relevant costs has been determined by the Company based on its best estimates.

Note 2: The Group owned Northparkes Copper/gold Mine businesses in Australia have the contingent liability exists in respect of any requirement for rehabilitation in the event that the mine close down and restoration provision representing the discounted, present value of the total estimated costs in order to restore and rehabilitate the mine site at the end of its planned operating life. As at 31 December 2014, the area disturbed by construction but not yet restored was estimated to be 662.62 hectares.

32. Other non-current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Deferred income of land use right subsidy (Note 1)	21,799,321.10	22,303,634.90
Deferred income of research project subsidy (Note 2)	3,080,525.90	3,080,525.90
Deferred income of demonstration base project subsidy (Note 2)	11,562,347.16	10,777,700.00
Deferred income of heavy metal treatment subsidy	—	1,500,000.00
Deferred income of CCTV installation	247,728.00	247,728.00
Long Service Leave (Note 3)	5,500,675.05	17,748,709.03
Total	42,190,597.21	55,658,297.83
Including: Deferred income carried down within 1 year (Note (V), 27)	12,314,388.96	832,567.70
Total of non-current liabilities	29,876,208.25	54,825,730.13

Note 1: Government grant received from relevant PRC local authorities in respect of the Group's acquisition of land use rights. It is recognised as deferred income and is released to income over the lease term of the land use rights.

Note 2: Government grant received from local government at the titles of "Provincial Significant Technology Funds", "Special funds for the conservation and comprehensive utilisation of mineral resources" and "The Central mineral resources comprehensive utilisation demonstration base subsidy" in connection with the Group's research project on the key technology for floating and refining process of molybdenum and tungsten products. It is recognised as deferred income and is released to non-operating income when the Group carried out the research work.

Note 3: Liabilities related to winter vacation and Long Service Leave was accrued by the subordinate company in Australia for employees. Parts would be paid within 12 months in employee compensation accounting payable (details refer to note (V) 22).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32. Other non-current liabilities (Continued)

Items in relation to government grants:

Unit: RMB

Liabilities Item	Opening carrying amount	Increased grants in current year	Amount in current year non-operating income	Reversal upon disposal of subsidiaries in current year	Closing carrying amount	Related to assets/Related to profit (Note)
Nannihu land premium rebate	16,901,510.90	—	385,585.80	—	16,515,925.10	Related to assets
Special funds of 3000 tons/day of molybdenum tailings utilisation	3,000,000.00	—	—	—	3,000,000.00	Related to assets
Special funds for the conservation and comprehensive utilisation of mineral resources	10,777,700.00	40,562,548.41	39,777,901.25	—	11,562,347.16	Related to profit
The Central mineral resources comprehensive utilisation demonstration base subsidy	80,525.90	—	—	—	80,525.90	Related to profit
Subsidy of the return of the land premium	5,402,124.00	—	118,728.00	—	5,283,396.00	Related to assets
Subsidy of Heavy metal treatment	1,500,000.00	—	—	1,500,000.00	—	Related to assets
Subsidy of CCTV installation	247,728.00	—	—	—	247,728.00	Related to assets
Total	37,909,588.80	40,562,548.41	40,282,215.05	1,500,000.00	36,689,922.16	

Note: The government grants are classified into government grants related to assets and government grants related to income according to the granted objects and natures specified in government documents. For those government grants without specific objects or natures would be classified on the basis that whether the assets can be formed or not.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

33. Share capital

Unit: RMB

	Opening balance	New issue of shares	Changes for the year			Subtotal	Closing balance
			Bonus issue	Capitalisation of surplus reserve	Others		
2014:							
I. Restricted tradable shares							
1. State-owned legal person shares (note)	359,318,695.00	—	—	—	—	—	359,318,695.00
2. Other domestic-owned shares	—	—	—	—	—	—	—
Total restricted tradable shares	359,318,695.00	—	—	—	—	—	359,318,695.00
II. Tradable shares							
1. Ordinary shares denominated in RMB	393,684,210.00	—	—	—	—	—	393,684,210.00
2. Foreign-owned shares listed overseas	262,231,200.00	—	—	—	—	—	262,231,200.00
Total tradable shares	655,915,410.00	—	—	—	—	—	655,915,410.00
III. Total shares	1,015,234,105.00	—	—	—	—	—	1,015,234,105.00
2013:							
I. Restricted tradable shares							
1. State-owned legal person shares (note)	359,318,695.00	—	—	—	—	—	359,318,695.00
2. Other domestic-owned shares	353,684,210.00	—	—	—	(353,684,210.00)	(353,684,210.00)	—
Total restricted tradable shares	713,002,905.00	—	—	—	(353,684,210.00)	(353,684,210.00)	359,318,695.00
II. Tradable shares							
1. Ordinary shares denominated in RMB	40,000,000.00	—	—	—	353,684,210.00	353,684,210.00	393,684,210.00
2. Foreign-owned shares listed overseas	262,231,200.00	—	—	—	—	—	262,231,200.00
Total tradable shares	302,231,200.00	—	—	—	353,684,210.00	353,684,210.00	655,915,410.00
III. Total shares	1,015,234,105.00	—	—	—	—	—	1,015,234,105.00

Note: In accordance with Domestic Stock Market turned held part of the state-owned shares to enrich the national social security fund implementation approach" (Cai Qi [2009] No. 94), LMG is required to transfer to the National Council for Social Security Fund of the PRC ("NSSF") such number of Domestic Shares as in aggregate would be equivalent to 10% of the number of the Offer Shares when the Company completed the IPO and listing of its A shares on Shanghai Stock Exchange. NSSF would inherit the restricted tradable obligations from LMG.

During the current year, there is no purchase, sale or redemption of the Company's listed shares by the subsidiaries of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

34. Capital reserve

Unit: RMB

Item	Opening balance	Increase in the year	Decrease in the year	Closing balance
2014:				
Capital premium	8,102,977,121.92	—	—	8,102,977,121.92
Including: Capital contributed by investors	8,100,855,081.92	—	—	8,100,855,081.92
Others	2,122,040.00	—	—	2,122,040.00
Other capital reserves (note)	—	1,426,888,988.29	—	1,426,888,988.29
Total	8,102,977,121.92	1,426,888,988.29	—	9,529,866,110.21
2013:				
Capital premium	8,102,977,121.92	—	—	8,102,977,121.92
Including: Capital contributed by investors	8,100,855,081.92	—	—	8,100,855,081.92
Others	2,122,040.00	—	—	2,122,040.00
Total	8,102,977,121.92			8,102,977,121.92

Note: convertibility value produced by convertible bonds refers to Note (V). 30.

35. Other comprehensive incomes

Unit: RMB

Item	Opening balance	Actual amount before income tax in the year	Amount recognised in the current year				Closing balance
			comprehensive incomes in earlier stage	Less: income tax expense	After-tax amount assigned to parent company	After-tax amount assigned to minority shareholder	
I. Other comprehensive incomes not reclassified in profits and losses later	—	—	—	—	—	—	—
II. Other comprehensive incomes reclassified in profits and losses later	(51,029,120.69)	(157,520,863.72)	—	—	(157,520,863.72)	—	(208,549,984.41)
Including: variable losses and profits available-for-sale financial assets fair value	—	—	—	—	—	—	—
Exchange differences arising on translation of financial statements denominated in foreign currencies	(51,029,120.69)	(157,520,863.72)	—	—	(157,520,863.72)	—	(208,549,984.41)
Total of other comprehensive incomes	(51,029,120.69)	(157,520,863.72)	—	—	(157,520,863.72)	—	(208,549,984.41)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

36. Special reserve

Unit: RMB

Item	Opening balance	Increase in the year	Decrease in the year (Note)	Closing balance
2014:				
safety expenses	64,462,699.12	109,629,373.04	121,200,919.76	52,891,152.40
Simple maintenance cost	135,123,394.21	264,641,508.60	180,731,145.97	219,033,756.84
Total	199,586,093.33	374,270,881.64	301,932,065.73	271,924,909.24
2013:				
safety expenses	78,812,553.10	121,711,773.77	136,061,627.75	64,462,699.12
Simple maintenance cost	125,710.22	310,799,989.81	175,802,305.82	135,123,394.21
Total	78,938,263.32	432,511,763.58	311,863,933.57	199,586,093.33

Note: Among decreases in the year for special reserves, there is decrease of RMB706,244.20 due to subsidiaries disposal.

37. Surplus reserves

Unit: RMB

Item	Opening balance	Increase in the year	Decrease in the year	Closing balance
2014:				
Statutory surplus reserve (note)	704,898,171.11	—	—	704,898,171.11
2013:				
Statutory surplus reserve (note)	704,898,171.11	—	—	704,898,171.11

Note: In accordance with The Company Law of the PRC and the Articles of Association of the Company, the appropriation ceased to apply in 2012 since the balance of the statutory surplus reserve has reached 50% of the Company's registered capital.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

38. Undistributed profits

Unit: RMB

Item	Amount	Proportion of appropriation
2014:		
Undistributed profits at the end of prior year	2,206,609,158.00	
Add: Net profit attributable to owners of the Company for the period	1,824,255,286.97	
Less: Appropriation to statutory surplus reserve (Note 1)	—	
Declaration of dividends on ordinary shares (Note 2)	710,663,873.50	
Undistributed profits at the end of the year	3,320,200,571.47	
2013:		
Undistributed profits at the end of prior year	1,641,545,905.43	
Add: Net profit attributable to owners of the Company for the period	1,174,203,715.57	
Less: Appropriation to statutory surplus reserve (Note 1)	—	
Declaration of dividends on ordinary shares (Note 2)	609,140,463.00	
Undistributed profits at the end of the year	2,206,609,158.00	

Note 1: Details refer to Note (V).37 (Note).

Note 2: Cash dividend approved in shareholders' meeting during the year

In 2014, on the basis of 5,076,170,525 issued shares (with the par value of RMB0.2 per share), interim dividends in cash of RMB0.14 per share (2013: RMB0.12) were distributed to all the shareholders.

Note 3: Profit distribution decided after the balance sheet date

According to a proposal of the board of directors, on the basis 5,076,170,525 issued shares (with the par value of RMB0.2 per share), dividends in cash of RMB0.18 per share (2013: RMB0.14) will be distributed to all the shareholders.

Note 4: Appropriation to surplus reserve by subsidiaries.

As at 31 December 2014, the balance of the Group's undistributed profits include appropriation to surplus reserves by subsidiaries amounting to RMB113,591,532.75 (31 December 2013: RMB142,298,009.59).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

39. Operating revenue and operating costs

(1) Operating revenue

Unit: RMB

Item	Amount recognised in the current year		Amount recognised in the prior year	
	revenue	costs	revenue	costs
Principal operating activities	6,484,300,456.84	3,743,066,560.66	5,411,498,755.12	3,634,817,296.96
Other operating activities	178,081,666.61	128,363,234.74	124,970,491.61	98,650,970.24
Total	6,662,382,123.45	3,871,429,795.40	5,536,469,246.73	3,733,468,267.20

(2) Principal operating activities (classified by products)

Unit: RMB

Name of product	Amount recognised in the current year		Amount recognised in the prior year	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Molybdenum, Tungsten and related products	3,615,113,883.37	1,954,328,057.09	3,677,246,126.32	1,948,137,680.66
Gold, silver and related products	274,177,972.60	273,721,309.77	716,508,742.68	712,842,982.41
Electrolytic lead	215,679,580.18	246,411,582.03	504,164,045.67	607,731,405.38
Copper, Gold and related products	2,049,420,999.10	991,636,715.54	172,193,437.38	65,635,860.38
Others	329,908,021.59	276,968,896.23	341,386,403.07	300,469,368.13
Total	6,484,300,456.84	3,743,066,560.66	5,411,498,755.12	3,634,817,296.96

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

40. Business taxes and levies

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year	Basis of calculation
Business tax	10,194,135.68	12,598,932.82	Note (IV)
City construction and maintenance tax	23,280,221.97	21,840,228.43	Note (IV)
Education surtax	13,649,004.41	13,607,013.28	Note (IV)
Resource tax	213,595,802.62	204,131,184.06	Note (IV)
Tariff	9,279,001.00	102,120.90	Note (IV)
Others	79,983,504.94	18,401,937.62	
Total	349,981,670.62	270,681,417.11	

41. General administrative expenses

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Salary, bonus and allowances	127,328,692.70	110,623,874.84
Depreciation and amortization	69,715,916.62	67,834,663.84
Auditor's remuneration	8,500,940.39	6,338,607.05
Consulting and professional fees	44,792,051.99	77,466,882.46
Entertainment expenditures	4,902,884.44	6,421,555.91
Technology development fee	126,553,737.47	103,273,082.78
Australia stamp duty	—	245,799,671.81
Others	66,557,904.91	68,446,497.83
Total	448,352,128.52	686,204,836.52

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

42. Financial expenses

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Interest expenses on bonds	122,855,059.92	98,799,999.99
Interest expenses on commercial bill discount	4,617,561.37	5,448,944.48
Interest expenses	140,336,056.35	19,234,775.09
Including: Bank borrowings due within 5 years	139,839,074.14	19,234,775.09
Total interest expenses:	267,808,677.64	123,483,719.56
Less: Capitalised interest expenses	—	—
Less: Interest income	154,414,916.16	43,753,784.17
Exchange differences	(5,046,526.72)	(1,594,718.69)
Less: Capitalised exchange differences	—	—
Others	73,350,405.29	25,092,336.58
Total	181,697,640.05	103,227,553.28

43. Impairment losses on assets

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Bad debt losses	20,022,810.64	14,961,710.23
Written-down of inventories	60,013,018.57	69,776,219.55
Impairment on fixed assets	25,524,079.96	2,966,254.30
Total	105,559,909.17	87,704,184.08

44. Gains from changes in fair values

Unit: RMB

Source resulting in gains from changes in fair values	Amount recognised in the current year	Amount recognised in the prior year
1. Gains (Loss) from held-for-trading financial assets	—	12,793,909.71
2. Derivatives not designated as hedging instruments	3,250,500.00	(288,750.00)
— Gains (Loss) from changes in fair value of commodity futures contracts	3,250,500.00	(288,750.00)
3. Gains (Loss) from gold lease measured in fair value and changes in fair value of forward contract	(2,362,130.00)	(4,235,220.00)
— Changes in fair value of forwards contract	16,119,120.00	(60,870,420.00)
— Changes in fair value of gold lease	(18,481,250.00)	56,635,200.00
Total	888,370.00	8,269,939.71

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

45. Investment income

(1) Details of investment income

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Income from long-term equity investments under equity method	86,466,625.43	157,560,072.96
Investment income from bonds and banks' wealth investment product	140,844,167.55	200,416,038.43
Investment income from holding held-to-maturity investments	—	305,015.04
Investment income on disposal of held-for-trading financial assets	355,119.70	(13,278,254.78)
Derivatives not designated as hedging instruments	—	40,041.47
— Gains from commodity derivative contracts	—	40,041.47
Investment income on disposal of long-term equity investments (note (VI))	304,092,277.30	28,375,048.20
Total	531,758,189.98	373,417,961.32

(2) Income from long-term equity investments under equity method:

Unit: RMB

Investee	Amount recognised in the current year	Amount recognised in the prior year	Reason for change between this year and last year
Yulu Mining	151,548,955.95	214,068,013.85	The increase/decrease in profits of the invested company
Yuhua Molybdenum	(13,144.84)	(243,165.03)	The cancellation of the invested company
High-Tech	(10,215,827.48)	(9,674,775.86)	The increase/decrease in profits of the invested company
Fuchuan	(54,853,358.20)	(46,590,000.00)	The increase/decrease in profits of the invested company
Total	86,466,625.43	157,560,072.96	The increase/decrease in profits of the invested company

There is no significant restriction on remittance of investment income.

Investment income for both current and prior years is come from the unlisted entities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

46. Non-operating income

(1) Details of non-operating income are as follows:

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Total gains on disposal of non-current assets	21,670,101.53	333,488.81
Including: Gains on disposal of fixed assets	21,670,101.53	166,833.13
Government grants	41,326,761.34	44,251,371.90
Bargain purchase	—	200,525,471.80
Others	3,659,429.22	1,490,766.71
Total	66,656,292.09	246,601,099.22

(2) Details of government grants

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year	Related to assets/ Related to profit
The Government mineral resources comprehensive utilisation demonstration base subsidy	39,777,901.25	35,042,300.00	Related to profit
Special funds for the conservation and comprehensive utilisation of mineral resources	—	4,916,087.56	Related to profit
Nannihu land premium rebate	385,585.80	385,585.80	Related to assets
Subsidy of the return of the land premium	118,728.00	118,728.00	Related to assets
Others	1,044,546.29	3,788,670.54	
Total	41,326,761.34	44,251,371.90	

47. Non-operating expenses

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Total losses on disposal of non-current assets	51,055,392.73	4,610,406.83
Including: Losses on disposal of fixed assets	51,055,392.73	4,610,406.83
Donations to third parties	4,152,000.00	15,685,000.00
Others	1,578,845.54	84,411.51
Total	56,786,238.27	20,379,818.34

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

48. Income tax expense

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Current tax expense calculated according to tax laws and relevant requirements	482,233,005.90	241,039,918.17
Settlement difference in income tax for the previous years	37,182,252.00	(9,224,262.16)
Adjustments to deferred tax	(171,556,964.70)	(80,544,254.66)
Total	347,858,293.20	151,271,401.35

Reconciliation of income tax expenses to the accounting profit is as follows:

Unit: RMB

	Amount recognised in the current year	Amount recognised in the prior year
Accounting profit	2,148,060,077.24	1,236,182,214.12
Income tax expenses calculated at 15% (2013: 15%)	322,209,011.59	185,427,332.12
Effect of expenses that are not deductible for tax purposes	17,075,150.99	35,684,578.32
Effect of tax-free income/extra tax deductible expenses	(61,726,361.01)	(69,371,881.19)
Effect of using previously unrecognised deductible losses and deductible temporary differences	(68,745,518.46)	(17,150,242.25)
Effect of unrecognised deductible losses and deductible temporary differences	52,957,907.68	45,501,707.54
Effect of different tax rates of subsidiaries operating in other jurisdictions	48,905,850.41	(19,595,831.03)
Settlement difference in income tax for the previous years	37,182,252.00	(9,224,262.16)
Total	347,858,293.20	151,271,401.35

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

49. Calculation process of basic earnings per share and diluted earnings per share

For the purpose of calculating basic earnings per share, net profit for the current attributable to ordinary shareholders is as follows:

Unit: RMB

	Amount recognised in the current year	Amount recognised in the prior year
Net profit for the current year attributable to ordinary shareholders	1,824,255,286.97	1,174,203,715.57

For the purpose of calculating basic earnings per share, the denominator is the weighted average number of outstanding ordinary shares and its calculation process is as follows:

Unit: RMB

	Amount recognised in the current year	Amount recognised in the prior year
Number of ordinary shares outstanding at the beginning of year	5,076,170,525.00	5,076,170,525.00
Add: Weighted average number of ordinary shares issued during the year	—	—
Number of ordinary shares outstanding at the end of year	5,076,170,525.00	5,076,170,525.00

Earnings per share

Unit: RMB

	Amount recognised in the current year	Amount recognised in the prior year
Calculated based on net profit attributable to shareholders of the Company:		
Basis Enrnings Per Share	0.36	0.23
Diluted earnings per share (Note)	0.36	Not Applicable

Note: The Company has no dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

50. Notes to items in the cash flow statement

(1) Other cash receipts relating to operating activities

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Receipts of indemnity and penalty, etc.	307,400.00	259,070.60
Receipts of interest income	78,200,451.17	32,494,254.06
Receipts of government grants	40,562,548.41	40,536,398.54
Others	517,336.63	1,231,696.11
Total	119,587,736.21	74,521,419.31

(2) Other cash payments relating to operating activities

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Payments for consulting fee, technology development fee and transportation fee, etc.	129,133,294.34	138,527,470.27
Payments of donations and penalty, etc.	4,152,000.00	15,685,000.00
Payments of bank charges and consulting fees	4,151,750.18	1,843,749.00
Others	49,820,856.65	58,859,619.22
Total	187,257,901.17	214,915,838.49

(3) Cash receipts from disposals and recovery of investments

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Cash receipts from disposal financial assets held-for-trading and wealth investment products of banks and other financial institutions	1,495,000,000.00	1,410,406,928.42
Cash receipts from structured bank deposit over 3 months	3,020,000,000.00	3,570,000,000.00
Receipts of entrusted loans	150,000,000.00	—
Cash receipts from disposal of other investment	3,357,974.57	—
Total	4,668,357,974.57	4,980,406,928.42

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

50. Notes to the items in cash flow statement (Continued)

- (4) Net cash receipts from acquisition or disposals of subsidiaries and other business units

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Investment income on subsidiary KUNYU	645,257,418.49	—
Investment income on disposal of "HOTEL MANAGEMENT"	169,116,006.52	—
Investment income on disposal "YINGZHIHEJIN"	—	186,832,429.95
Total	814,373,425.01	186,832,429.95

- (5) Other cash receipts relating to operating activities

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Receipts from land-transferring fees and others receivables	34,200,000.00	—
Total	34,200,000.00	—

- (6) Cash payments to investments

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Cash payment of purchasing wealth investment products of banks and other financial institutions	2,509,000,000.00	1,645,000,000.00
Cash payment of purchasing structured bank deposit over 3 months	6,720,000,000.00	2,400,000,000.00
Purchasing of fixed term deposit for 3 years	—	300,000,000.00
Total	9,229,000,000.00	4,345,000,000.00

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

50. Notes to the items in cash flow statement (Continued)

(7) Other cash receipts relating to operating activities

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Cash payment for acquisition related stamp duty in Australia	131,158,843.62	114,640,828.19
Cash payment for acquisition related transaction fees	—	10,750,322.02
Total	131,158,843.62	125,391,150.21

(8) Other cash receipts relating to financing activities

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Cash receipts from gold lease arrangement	992,093,300.00	352,728,000.00
Total	992,093,300.00	352,728,000.00

(9) Cash payment and other cash related to financial activities

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Cash payment on gold lease arrangement	356,963,220.00	—
Charges for gold lease and guarantee fees related to loans	27,956,114.87	23,248,587.58
Deposit for letters of guarantee related to bank loans	41,242,540.24	1,329,937,500.00
Total	426,161,875.11	1,353,186,087.58

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

51. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Unit: RMB

Supplementary information	Amount for the current year	Amount for the prior year
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	1,800,201,784.04	1,084,910,812.77
Add: Provision for impairment losses of assets	105,559,909.17	87,704,184.08
Depreciation of fixed assets	612,349,446.42	371,886,310.56
Amortisation of intangible assets	197,175,729.46	65,569,340.83
Amortisation of long-term deferred expenses	13,115,338.01	14,077,363.00
Gains (losses) on disposal of fixed assets, intangible assets and other long-term assets	29,385,291.20	4,276,918.02
Gains (losses) on changes in fair values	(888,370.00)	(8,269,939.71)
Financial expenses	265,052,435.97	132,532,250.72
Gains arising from investments	(531,758,189.98)	(373,417,961.32)
Increase in deferred tax assets	(171,556,964.70)	(82,665,151.96)
Decrease in inventories	339,024,621.99	517,647,092.39
Decrease in receivables from operating activities (increase is filled in column with “-”)	368,764,151.39	(605,347,188.46)
Increase in payables from operating activities (decrease is filled in column with “-”)	498,248,435.26	(9,619,382.29)
Amortisation of deferred income	(40,282,215.05)	(40,462,701.36)
Increase (decrease) in special reserve (decrease is filled in column with “-”)	72,591,067.05	120,698,254.95
Payment for stamp duty and transaction costs arising from acquisition of a business	—	294,350,773.83
Fair value adjustment of business combinations not involving enterprises under common control	—	(200,525,471.80)
(Increase) decrease in restricted bank deposits (increase is filled in column with “-”)	78,064,666.94	(1,631,128.45)
Net cash flow from operating activities	3,635,047,137.17	1,371,714,375.80
2. Significant investing and financing activities that do not involve cash receipts and payments:	—	—
3. Net changes in cash and cash equivalents:		
Closing balance of cash	774,781,044.71	1,704,583,230.33
Less: Opening balance of cash	1,704,583,230.33	1,013,636,840.70
Add: Closing balance of cash equivalents	4,850,800,000.00	100,000,000.00
Less: Opening balance of cash equivalents	100,000,000.00	450,000,000.00
Net increase (decrease) in cash and cash equivalents	3,820,997,814.38	340,946,389.63

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

51. Supplementary information to the cash flow statement (Continued)

(2) Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
1. Cash	774,781,044.71	1,704,583,230.33
Including: Cash on hand	427,474.82	383,180.65
Bank deposits	774,353,569.89	1,704,200,049.68
Other monetary funds	—	—
2. Cash equivalents	4,850,800,000.00	100,000,000.00
3. Closing balance of cash and cash equivalents	5,625,581,044.71	1,804,583,230.33

Cash and cash equivalents exclude restricted cash and cash equivalents of the company and subsidiaries within the Group.

52. Asset restrained in proprietorship or right to use

Unit: RMB

Item	Closing balance of book value	Reasons for restriction
Notes receivables	122,800,000.00	Endorsement for pledge

53. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: RMB

Item	Closing balance of foreign currency	Exchange rate conversion	Closing balance of foreign currency translated into RMB
Monetary assets			
Including: U.S. dollar	1,588,239.33	6.12	9,717,988.95
Australian Dollar	7,524,024.01	5.02	37,761,585.34
Hong Kong dollar	28,554.81	0.79	22,526.89
Short-term borrowing			
Including: U.S. dollar	50,000,000.00	6.12	305,950,000.00

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(VI) CHANGE OF CONSOLIDATION SCOPE

Disposal of subsidiary

(1) Disposal of subsidiary and losing control

Name of subsidiary	Consideration (RMB)	Disposal interest (%)	Disposal Method	Time-point of losing control power	Certain basis of time-point of losing control power	Difference between the consideration and the shared net assets of the subsidiary disposal by the Group (RMB)	Remaining interest upon disposal date
Luoyang KUNYU Mining Co.,Ltd. ("KUNYU") (Note1)	700,000,000.00	70	Disposal in cash	15 April 2014	Transfer of control	280,896,558.50	0%
Luoyang Mudu Hotel Management Co., Ltd. ("HOTEL MANAGEMENT") (Note2)	169,132,509.33	100	Disposal in cash	30 June 2014	Transfer of control	23,195,718.80	0%

Note1: According to equity transfer agreement entered by Company and Zijin Mining Co., Ltd. (Zijin Mining) on 15 April 2014, the Company agreed to transfer 70% of equity interests at a consideration of RMB700,000,000.00. On 15 April 2014, the Company received first payment of RMB450,000,000.00 as the first tranche of first payment from Zijin Mining, and management appointed by the Company quitted the operation of KUNYU. Related registration procedures had been completed on 28 May 2014, and the remaining consideration was received on 8 July 2014.

Note2: According to equity transfer agreement entered by the Company and Luoyang Yixin Property Co. Ltd. on 30 May 2014, the Company agreed to transfer 100% of equity interests at a consideration of RMB169,132,509.33. Related registration procedures had been completed on 30 June 2014, and then management appointed by the Company quitted the operation of the HOTEL MANAGEMENT. At the end of this year, Company has received the consideration in full.

(2) Disposal of subsidiary KUNYU

Financial position of subsidiary KUNYU on disposal date and 31 December 2013 and operating result from 1 January 2014 to disposal date are as follows:

Unit: RMB

	Date of disposal	31 December 2013
Current assets	87,702,398.94	46,372,348.77
Non-current assets	775,854,932.74	735,708,477.55
Current liabilities	232,242,673.54	189,390,924.78
Non-current liability	32,595,456.00	1,500,000.00
Net asset	598,719,202.14	591,189,901.54
Less: minority stockholder's interest	179,615,760.64	177,356,970.46
Shares belong to owners of the parent company	419,103,441.50	413,832,931.08

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(VI) CHANGE OF CONSOLIDATION SCOPE (Continued)

Disposal of subsidiaries (Continued)

(2) Disposal subsidiary KUNYU (Continued)

Unit: RMB

	From 1 January 2014 to the date of disposal
Operating revenue	126,281,329.69
Operating costs and expenses	123,128,153.83
Total profit	8,693,840.38
Net profit	6,520,380.32
Less: Gain or loss on minority interests	1,956,114.40
Profits attributable to owners of the parent company	4,564,266.22
Net cash flow from operating activities	35,299,675.17
Net Cash flow from investing activities	(4,326,583.07)
Net cash flow from financing activities	19,700,000.01
Net increase in cash and cash equivalents	50,673,092.11

The information about cash flows

Unit: RMB

	Amount
Consideration for disposal	700,000,000.00
Cash and cash equivalents received upon disposal	700,000,000.00
Less: Cash and cash equivalents of the disposal subsidiaries	54,742,581.51
Net outflow of cash and cash equivalents paid upon disposal of subsidiaries	645,257,418.49

The gain on disposal of subsidiaries

Unit: RMB

	Amount
Consideration for disposal	700,000,000.00
Disposal of net assets attributable to owners of the parent company	419,103,441.50
The gain on disposal of subsidiaries	280,896,558.50

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(VI) CHANGE OF CONSOLIDATION SCOPE (Continued)

Disposals of subsidiaries (Continued)

(3) Information of disposal of subsidiary HOTEL MANAGEMENT

The financial statement of subsidiary HOTEL MANAGEMENT on disposal date and 31 December 2013 and operating results from 1 January 2014 to disposal date are as follows:

Unit: RMB

	Date of disposal	31 December 2013
current assets	16,502.81	4,942,261.80
non-current assets	157,787,778.39	170,321,253.31
current liabilities	11,867,490.67	39,000,000.00
non-current liability	—	—
net asset	145,936,790.53	136,263,515.11

Unit: RMB

	From 1 January 2014 to the date of disposal
Operating revenue	—
Operating costs and expenses	1,102,880.54
Total profit	9,673,275.42
Net profit	9,673,275.42
Net cash flow from operating activities	(31,074.54)
Net cash flow from investing activities	(4,894,684.45)
Net cash flow from financing activities	—
Net increase in cash and cash equivalents	(4,925,758.99)

The information about cash flows

Unit: RMB

	Amount
Consideration for disposal	169,132,509.33
Cash and cash equivalents received upon disposal	169,132,509.33
Less: Cash and cash equivalents of the disposal subsidiaries	16,502.81
Net outflow of cash and cash equivalents paid upon disposal of subsidiaries	169,116,006.52

The gain on disposal of subsidiaries

Unit: RMB

	Amount
Consideration for disposal	169,132,509.33
Disposal of net assets	145,936,790.53
The gain on disposal of subsidiaries	23,195,718.80

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(VII) INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Structure of subsidiaries

Name of the subsidiary	Place of business	Place of incorporation	Nature of business	Shareholding ratio (%)		Obtaining method
				Direct	Indirect	
China Molybdenum Refining Co., Ltd. (Ye Lian)	China	Luanchuan, Henan	Refining and sales of mineral products	100.00	—	Investment Establishment
China Molybdenum Sales and Trading Co., Ltd. (Xiao Shou Mao Yi)	China	Luanchuan, Henan	Trading of mineral products	100.00	—	Investment Establishment
Luoyang Dachuan Molybdenum & Tungsten Technology Co., Ltd. (Da Chuan)	China	Luanchuan, Henan	Processing and sales of mineral products	100.00	—	Investment Establishment
Luoyang Mudu International Hotel Co., Ltd. (International Hotel)	China	Luoyang, Henan	Hotel	100.00	—	Investment Establishment
China Molybdenum Tungsten Co., Ltd (Wu Ye)	China	Luanchuan, Henan	Refining and sales of mineral products	100.00	—	Investment Establishment
China Molybdenum Precious Metals Investment Co., Ltd. (Precious Metals)	China	Luoyang, Henan	Processing and sales of mineral products	100.00	—	Investment Establishment
China Molybdenum (Hong Kong) Company Limited (Hong Kong company)	Hong Kong, China	Hong Kong	Trading of mineral products	100.00	—	Investment Establishment
China Molybdenum Metal Material Company Limited (Metal Material)	China	Luoyang, Henan	Processing and sales of mineral products	100.00	—	Investment Establishment
Luoyang Yongning Gold & Lead Refining Co., Ltd. (Yong Ning)	China	Luoning, Henan	Lead smelting, processing and sales of mineral products	—	75.00	Investment Establishment
Xinjiang Luomu Mining Co., Ltd (Xin Jiang Luo Mu)	China	Xinjiang	Production and sales of mineral products	70.00	—	Investment Establishment
China Molybdenum Sales Co., Ltd. (Sales Company)	China	Luanchuan, Henan	Trading of mineral products	100.00	—	Investment Establishment
CMOC Co., Ltd ("Hong Kong CMOC")	Hong Kong, China	Hong Kong	Investment & Holding	100.00	—	Investment Establishment
CMOC Mining Pty Limited ("CMOC Mining")	Australia	Australia	Production and sales of mineral products	—	100.00	Investment Establishment
CMOC Mining Services Pty. Limited ("CMOC services")	Australia	Australia	Mining services	—	100.00	Investment Establishment
Luochuan Huqi Mining Company Limited (Hu Qi)	China	Luanchuan, Henan	Refining and sales of mineral products	100.00	—	Investment Establishment
Luanchuan Fu Kai Trading Co., Ltd. (Fu Kai)	China	Luanchuan, Henan	Trading of molybdenum products	100.00	—	Investment Establishment
Luochuan Qixing Mining Company Limited (Qi Xing)	China	Luanchuan, Henan	Refining and sales of mineral products	90.00	—	Investment Establishment
Luanchuan Furun Mining Co., Ltd (Fu Run)	China	Luanchuan, Henan	Refining and sales of mineral products	100.00	—	Investment Establishment
Luanchuan County Dadongpo Tungsten & Molybdenum Co., Ltd. (Da Dong Po)	China	Luanchuan, Henan	Refining and sales of mineral products	51.00	—	Investment Establishment

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(VII) INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(1) Structure of Company (Continued)

Name of the subsidiary	Place of business	Place of registry	Nature of business	Shareholding ratio (%)		Obtaining method
				Direct	Indirect	
Luanchuan County Jiuyang Mining Co., Ltd. (Jiu Yang)	China	Luanchuan, Henan	Refining and sales of mineral products	51.00	—	business combination under common control
Luanchuan County Sanqiang Molybdenum & Tungsten Co., Ltd. (San Qiang)	China	Luanchuan, Henan	Refining and sales of mineral products	51.00	—	business combination not under common control
Luoyang Mudulihao Business Co., Ltd. (Mudulihao)	China	Luoyang, Henan	HOTEL MANAGEMENT	—	100.00	Investment Establishment
Schmoke (Shanghai) International Trading Co., Ltd. (Schmoke)	China	Shanghai	Import and export of goods and technology	100.00	—	Investment Establishment
CMOC Mining USA LTD ("CMOC USA ")	America	America	Consultancy	—	100.00	Investment Establishment

(2) Key non-wholly-owned subsidiaries

Unit: RMB

Name of the subsidiary	Minority shareholder ratio	Profit and loss of minority shareholder in this year	Dividend of minority shareholder in this year	Ending balance of minority shareholder interests
Luoyang Yongning Gold & Lead Refining Co., Ltd.	25%	—	—	(9,968,434.56)

(3) Key financial information of key non-wholly-owned subsidiaries

Name of subsidiary	Ending balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liability	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Yong Ning	93,649,844.23	314,529,515.81	408,179,360.04	(671,125,717.73)	(5,164,668.00)	(676,290,385.73)	522,386,747.56	419,362,996.11	941,749,743.67	(976,340,085.89)	(5,283,396.00)	(981,623,481.89)

Name of subsidiary	Amount for the current period				Amount for the prior period			
	Operating income	Net Profits or Losses	Total comprehensive income	Operating cash flow	Operating income	Net Profits	Total comprehensive income	Operating cash flow
Yong Ning	526,019,291.28	(228,237,287.47)	(228,237,287.47)	(14,428,426.77)	873,848,920.99	(296,357,687.68)	(296,357,687.68)	3,875,253.15

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(VII) INTERESTS IN OTHER ENTITIES (Continued)

2. Interests in joint ventures and associates

(1) Significant joint ventures and associates

Name of the joint venture or associate	Major place of business	Place of incorporation	Nature of business	Shareholding ratio (%)		Accounting methods of joint ventures and associates
				Direct	Indirect	
Luoyang High Tech Molybdenum & Tungsten Materials Co., Ltd. ("High-Tech")	Luoyang, Henan	Luoyang, Henan	Processing and sales of minerals products	50%	—	Equity method
Xuzhou Huanyu Molybdenum Co., Ltd. ("Huan Yu") (Note 1)	Xuzhou, Jiangsu	Xuzhou, Jiangsu	Investment	50%	—	Equity method
Luoyang Yulu Mining Co., Ltd. ("Yulu Mining") (Note 2)	Luoyang, Henan	Luoyang, Henan	Processing, refining and sales of minerals products	40%	—	Equity method

Note 1: Huan Yu, a joint venture of the Group, holds 90% interest of Luoyang Fuchuan Mining Co., Ltd. (Fuchuan). Meanwhile, the Group, through its subsidiary Fukai, indirectly holds 10% interest of Fuchuan. In accordance with the agreement with local government, the local government shares 8% dividend rights of Fuchun; therefore, the Group actually shares 47% profits and losses of Fuchuan under equity accounting.

Note 2: According to the resolution of shareholders' meeting in 2007 of Yulu Mining Co., Ltd., from 2008, both investment parties share net profits of the company by 1 to 1 basis. Therefore, the Group has beneficially 50% of interest in the gain or loss of Yulu Mining under equity accounting.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(VII) INTERESTS IN OTHER ENTITIES (Continued)

2. Interests in joint ventures and associates (Continued)

(2) Major financial information of key joint ventures

Unit: RMB

Name of subsidiary	Closing balance/Amount recognised in the current year		Opening balance/Amount recognised in the prior year	
	High-Tech	Huan Yu (Note)	High-Tech	Huan Yu
Current assets	84,140,060.30	209,862,823.27	180,124,893.96	224,335,669.73
Including: cash and cash equivalent	18,554,604.20	3,634,838.64	135,606,232.02	290,895.97
Non-current assets	341,491,751.65	2,832,537,349.79	264,220,075.53	2,877,986,647.87
Total assets	425,631,811.95	3,042,400,173.06	444,344,969.49	3,102,322,317.60
Current liabilities	2,101,165.25	716,171,299.42	173,078.80	634,411,846.15
Non-current liabilities	—	—	209,589.04	5,527,695.09
Total liabilities	2,101,165.25	716,171,299.42	382,667.84	639,939,541.24
Minority Interests	—	14,206,455.25	—	22,414,691.68
Equity interests attributable to the Company	423,530,646.70	2,312,022,418.40	443,962,301.66	2,439,968,084.68
Net assets share calculated by shareholding ratio	211,765,323.35	1,156,011,209.20	221,981,150.83	1,219,984,042.34
Adjusting events				
Book value of joint venture equity investment	211,765,323.35	1,167,450,246.10	221,981,150.83	1,222,303,604.30
Fair value of joint venture investment of public offer	Not applicable	Not applicable	Not applicable	Not applicable
Operating income	123,369,590.76	597,478.58	88,641,585.67	612,486.67
Financial cost	(810,550.21)	34,150,297.67	162,704.83	21,216,022.78
Income tax expense	8,914,259.88	(28,406,179.00)	2,955,424.18	(24,545,820.43)
Net profits (losses)	(20,431,654.96)	(116,709,272.77)	(19,341,364.47)	(99,128,047.76)
Net profits of discontinuing operation	—	—	—	—
Other comprehensive income	—	—	—	—
Total comprehensive income	(20,431,654.96)	(116,709,272.77)	(19,341,364.47)	(99,128,047.76)
Dividend of joint venture in this period	—	—	—	—

Note: The joint venture Huan Yu of the Company has 90% interests of Fu Chuan; meanwhile, through its subsidiary Fukai, the Company holds the remaining 10% interests of Fu Chuan.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(VII) INTERESTS IN OTHER ENTITIES (Continued)

2. Interests in joint ventures and associates (Continued)

(3) Major financial information of key associates

Unit: RMB

	Closing balance/ Amount recognised in the current year Yulu Mining	Opening balance/ Amount recognised in the prior year Yulu Mining
Current assets	191,135,874.23	328,845,773.05
Including: cash and cash equivalent	557,250.06	542,856.59
Non-current assets	71,044,904.04	70,428,829.51
Total assets	262,180,778.27	399,274,602.56
Current liabilities	25,785,838.26	69,977,574.44
Non-current liabilities	6,000,000.00	8,000,000.00
Total liabilities	31,785,838.26	77,977,574.44
Minority Interests	—	—
Stock rights equity belonging to the Company	230,394,940.01	321,297,028.12
Net assets share calculated by shareholding ratio	92,157,976.00	128,518,811.25
Adjustments		
Book value of joint venture equity investment	105,350,352.33	150,801,396.38
Fair value of joint venture investment of public offer	Not applicable	Not applicable
Operating income	541,285,690.63	721,668,178.38
Financial cost	(11,156.05)	(13,306.41)
Income tax expense	(101,539,940.33)	(143,409,634.58)
Net profits	303,097,911.89	428,136,027.69
Net profits of discontinuing operation	—	—
Other comprehensive income	—	—
Total comprehensive income	303,097,911.89	428,136,027.69
Dividend of joint venture during the current period	197,000,000.00	237,500,000.00

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(VII) INTERESTS IN OTHER ENTITIES (Continued)

3. Significant joint operation

(1) Significant joint operation

Name of the operation under common control	Key place of business	Place of incorporation	Nature of business	Shareholding ratio/shares (%)	
				Direct	Indirect
Northparkes Joint Venture ("NJV") (Note)	Australia	Australia	Copper gold mining	—	80%

Note: On 1 December 2013, the Company had completed acquiring 80% joint control interests of unincorporated joint venture in Northparkes copper gold mining and some relevance assets related to copper gold mining business of Northparkes Joint Venture held by North Mining Limited. Afterwards, the unincorporated joint venture Northparkes Joint Venture became a joint operation of the Group.

Northparkes mines held by Northparkes Joint Venture is a quality copper and gold mining operation with advanced mining method of block caving in Goonumbra, situated northwest of the town of Parkes in New South Wales, Australia. The Northparkes mines started operating in 1993 and the remaining useful life is more than 20 years. The headquarters of Northparkes Joint Venture is located in the town of Parkes in New South Wales, Australia. The 80% interest in Northparkes Joint Venture under joint control is held by CMOC Mining Pty Limited, a subsidiary of the Company. The remaining 20 per cent interest is held by Sumitomo Metal Mining Oceania Pty Ltd (SMM) and SC Mineral Resources Pty Ltd (SCM).

According to the Northparkes Joint Venture Management agreement, the Company as the manager holds the management business of Northparkes mine and is responsible for the management of the daily operation of the Northparkes mines, each joint venturer as joint controlling party of Northparkes Joint Venture is entitled to the rights of Northparkes mines' related assets according to the agreed percentage stipulated in the relevant joint arrangement and assume the liabilities according to the agreed proportion. The joint venturers have agreed to enter into a Deed of Cross Charge over their individual interests, including a charge over share of production, in order to protect the rights of individual joint venturers in the event of default by any other joint venturer.

(2) Financial information of key joint operation enterprises

As at 31 December 2014, the assets and liabilities and operation of Northparkes Joint Venture are as follows:

Unit: RMB

Item	2014	From the acquisition date to 31 December 2013
Net share of operating costs borne by	793,458,646.05	54,585,926.59

Item	as at 31 December 2014	as at 31 December 2013
Share of total assets	2,287,558,513.24	2,451,608,800.03
Share of total liabilities	351,617,226.08	338,050,449.82

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(VIII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's major financial instruments include bank balances and cash, financial assets held-for-trading, accounts receivable, other receivables, financial liabilities held-for-trading, accounts payable, bills payable, other payables, borrowings and bonds payable etc.. Details of these financial instruments are disclosed in Note (V). The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure the risks are monitored at a certain level.

1. Risk management objectives and policies

The Group's business is mining. The Group only sells commodities which it has produced. In the long term, natural hedges operate in a number of ways to help to protect and stabilise earnings and cash flow, obviating the need to use derivatives or other forms of synthetic hedging for this purpose. The Group does not acquire or issue derivative financial instruments for trading or speculative purposes; nor does it believe that it has exposure to such trading or speculative holdings through its investments in associates and jointly controlled entities.

The Group's risk management objectives are to achieve a proper balance between risks and yield, minimise the adverse impacts of risks on the Group's operation performance, and maximise the benefits of the shareholders and other stakeholders. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyse the Group's exposure to various risks, establish an appropriate maximum tolerance to risk, implement risk management, and monitors regularly and effectively these exposures to ensure the risks are monitored at a certain level.

1.1 Market risk

1.1.1. Foreign exchange risk

Foreign exchange risk is the risk that losses will occur because of changes in foreign exchange rates. The Group's exposure to the currency risk is primarily associated with USD, HKD and AUD. The Group's subsidiaries in China have purchases and sales mainly denominated in RMB, while the Group's subsidiaries in Australia have principal activities denominated and settled in USD or AUD. Therefore, the Group has no significant exposure to exchange rate changes. The foreign currency transactions of the Group are mainly the financing activities which are denominated and settled in USD and the AUD denominated assets held by the subsidiary in Australia whose functional currency is USD.

As at 31 December 2014, the balance of the Group's assets and liabilities are both denominated in RMB except that the assets and liabilities set out below are denominated in USD and AUD. Currency risk arising from the assets and liabilities denominated in foreign currencies may have impact on the Group's performance.

Unit: RMB'000

Item	Closing balance	Opening balance
U.S.dollar (USD)		
Bank balances and cash	9,718	3,207
Short-term borrowings	(305,950)	86,776
Subtotal	(296,232)	89,983
HK dollar (HKD)	—	
Bank balances and cash	23	29
Short-term borrowings	—	127,568
Subtotal	23	127,597
AU dollar (AUD)		
Bank balances and cash	37,762	26,853
Subtotal	37,762	26,853
Total	(258,447)	244,433

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(VIII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

1. Risk management objectives and policies (Continued)

1.1 Market risk (Continued)

1.1.1. Foreign exchange risk (Continued)

The Group closely monitors the effects of changes in the foreign exchange rates on the Group's currency risk exposures. The Group currently does not take any measures to hedge currency risk exposures.

The following table details the Group's sensitivity to a 10 per cent change in RMB, USD or HKD against the respective foreign currencies. The 10 per cent is the rate used when reporting foreign currency risk internally to key management personnel and represents directors' assessment of the possible change in foreign exchange rates. The sensitivity analysis of the Group's exposure to foreign currency risk at the reporting date has been determined based on the change taking place at the end of the reporting period and held constantly throughout the reporting period. A positive number indicates an increase in pre-tax profit where RMB strengthens against the respective currencies which are mainly attributable to the exposure of outstanding USD bank borrowings. A negative number indicates a decrease in pre-tax profit where RMB strengthens against the respective currencies which are mainly attributable to the exposure of outstanding USD bank balances and HKD bank balances or where USD strengthens against the respective currency which is mainly attributable to the exposure of the AUD bank balance. It will bring opposite impacts on pre-tax profit if RMB or USD devalues these foreign currencies.

RMB'000

Item	Changes in exchange rates	Current year		Prior year	
		Effect on profit	Effect on shareholders' equity	Effect on profit	Effect on shareholders' equity
China and Hong Kong Pre-tax effect on the profit or loss for the year and shareholders' equity	USD10% decrease against RMB	29,623	29,623	8,998	8,998
	HKD10% decrease against RMB	(2)	(2)	12,760	12,760
Australia Pre-tax effect on the profit or loss for the year and shareholders' equity	AUD10% decrease against USD	(3,776)	(3,776)	(2,685)	(2,685)

In directors' opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(VIII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

1. Risk management objectives and policies (Continued)

1.1. Market risk (Continued)

1.1.2. Interest rate risk

The Group's cash flow interest rate risk of financial instruments relates primarily to variable-rate bank borrowings. The Group paid close attention to the impact on cash flow change risks from the changes in interest rate.

Interest rate risk sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or expense of floating rate financial instruments;
- Changes in the fair value of derivative financial instruments and other financial assets and liabilities are calculated at the market interest rate as at the balance sheet date, using the method of discounted cash flow analysis.

On the basis of the above assumptions, where all other variables are held constantly, the reasonably possible changes in the interest rate may have the following pre-tax effect on the profit or loss for the year and shareholders' equity:

Item	Changes in interest rates	Current year		Prior year	
		Effect on profit	Effect on shareholders' equity	Effect on profit	Effect on shareholders' equity
Profit or loss for the year and shareholders' equity	50 basis points higher	(21,062)	(21,062)	(11,649)	(11,649)
Profit or loss for the year and shareholders' equity	50 basis points lower	21,062	21,062	11,649	11,649

1.2. Credit risk

As at 31 December 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group is arising from:

- The carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet. For financial instruments measured at fair value, the carrying amount reflects the exposure to risks but not the maximum exposure to risks. The maximum exposure to risks would vary according to the future changes in fair value.

The Group, trades only with recognised, creditworthy third parties. Total amount of top five entities with the largest balances of accounts receivable as at 31 December 2014 takes 52.33% of the amount of total accounts receivable (31 December 2013: 50.39%). Accounts receivable balances are monitored on an ongoing basis with the result that the Group's exposure to credit risk is controlled. Products are sold only to companies whose credit information is in an acceptable range. Credit limits have been set for most of the customers and they are monitored systematically. For overseas sales, letters of credit are in use generally.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(VIII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

1. Risk management objectives and policies (Continued)

1.2. Credit risk (Continued)

With respect to credit risk arising from the other financial assets of the Group which comprise other receivables, the Group's exposure to credit risk arising from default of counterparties is limited as most of the counterparties are entities with good credit standing and the Group does not expect any significant loss for uncollected advances to these entities.

The credit risk on liquid fund is limited because they are deposited with banks with high credit ratings.

1.3. Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following is the maturity analysis for financial liabilities held by the Group which is based on undiscounted remaining contractual obligations:

Unit: RMB'000

Current year	Less than 1 year	1-2 years	2-5 years	Total
Bank borrowings	950,575	2,434,924	1,911,733	5,297,232
Financial liabilities measured at fair value with changes included in the current profit and loss	998,691	—	—	998,691
Bills payable	156,900	—	—	156,900
Accounts payable	192,794	—	—	192,794
Dividends payable	27,886	—	—	27,886
Other payables	253,314	—	—	253,314
Non-current liabilities due within one year	45,848	—	—	45,848
Other current liabilities	16,652	—	—	16,652
Bonds payable	123,300	133,100	7,708,908	7,965,308
Total	2,765,960	2,568,024	9,620,641	14,954,625

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(VIII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

1. Risk management objectives and policies (Continued)

1.3. Liquidity risk (Continued)

Unit: RMB'000

Previous year	Less than 1 year	1-2 years	2-5 years	Total
Bank borrowings	348,524	632,844	4,324,079	5,305,447
Financial liabilities measured at fair value with changes included in the current profit and loss	357,252	—	—	357,252
Bills payable	27,910	—	—	27,910
Accounts payable	197,386	—	—	197,386
Interests payable	55,734	—	—	55,734
Dividends payable	57,086	—	—	57,086
Other payables	568,214	—	—	568,214
Non-current liabilities due within one year	395,083	—	—	395,083
Other current liabilities	20,202	—	—	20,202
Bonds payable	57,633	98,800	2,197,600	2,354,033
Total	2,085,024	731,644	6,521,679	9,338,347

(IX) DISCLOSURE OF FAIR VALUE

1. The closing fair value of assets and liabilities measured at fair value

Unit: RMB

Item	closing fair value			Total
	Level 1 measured at fair value	Level 2 measured at fair value	Level 3 measured at fair value	
1. Persistent fair value measurement				
Held-for-trading financial liabilities:				
— Derivative financial liabilities not designated as hedging instruments	—	44,751,300.00	—	44,751,300.00
— Gold lease liabilities measured at fair value	953,939,350.00	—	—	953,939,350.00
Total assets measured at fair value on an ongoing basis	953,939,350.00	44,751,300.00	—	998,690,650.00

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(IX) DISCLOSURE OF FAIR VALUE (Continued)

2. Inputs used for Level 1 financial instruments measured at fair value on an ongoing basis

Inputs used for Level 1 financial instruments measured at fair value on an ongoing basis are liabilities arising from gold lease. Its fair values are the prices of similar commodity quoted in an active market.

3. Inputs used for Level 2 financial instruments measured at fair value on an ongoing basis

Inputs used for Level 2 financial instruments measured at fair value on an ongoing basis are gold forward contracts. The discounted cash flow as its fair values was applied as a basis in the valuation. The main input values include the closing prices of similar contracts on the Shanghai Gold Exchange.

4. For financial instruments measured at fair value on an ongoing basis, no inter-level transfer or and changes in valuation technique occurred during the year.

5. Financial instruments not subsequently measured at fair value

The management of the Group has assessed monetary items, notes receivable, accounts receivable, interest receivable, dividends receivable, other receivables, short-term borrowings, notes payable, accounts payable, receipt in advance, dividends payable, interest payable, other payables, non-current liabilities due within a year (long-term borrowings), etc. As the remaining term is not long, fair values are similar to book values.

The long-term financial assets and financial liabilities which are not subsequently measured at fair values by the Group include long-term borrowings. The floating rates of the long-term borrowings of the Group are linked to market interest rates.

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. The Parent Company

Name of the parent company	Registered place	Business nature	Registered capital	Shareholding ratio to the company	Voting rights ratio to the company
CFC (Note)	Shanghai	Investment management	RMB181,818,200	36.01%	36.01%

Note: On 12 January 2014, the company received "Notification on change-of-control of China Molybdenum Co., Ltd." from the shareholders, CFC and LMG, respectively. CFC increased H shares of the company in the secondary market through its wholly owned subsidiary Cathay Fortune Investment Limited, and holds 1,827,706,322 shares (account for about 36.01% of the total amount) of the company together with persons acting in concert, which beyond the original largest shareholder LMG's 1,776,594,475 shares (account for about 35.01% of the total amount), and becomes the largest shareholder of the company.

Communication was held between CFC and LMG on the change-of-control of the company, LMG confirmed its loss of control power of the company, and did not mean to take larger shares; therefore, the CFC became the controlling shareholder of the company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

2. Subsidiaries of the Company

Please see Note (VII).1 for details for subsidiaries of the Company.

3. Associates and joint ventures of the Company

Please see Note (VII).2 for details for associates and joint ventures of the Company.

Other associates and joint ventures balanced in the related party transactions during the current period or the prior period are as follows:

Name of associates or joint ventures	Relationship with the company
High-Tech	Associate
Fu Chuan	Associate
Yulu Mining	Joint venture

4. Other related parties

Name of other related party	Relationships with the company
LMG	Shareholder
CFC	Shareholder

5. Related party transactions

(1) Sales and purchase of goods, provision and receipt of services

Purchase of goods:

Unit: RMB

Related party	Details of related party transactions	Amount recognised in the current year	Amount recognised in the prior year
High-Tech	purchase of goods	1,048,717.96	—

Sales of goods:

Unit: RMB

Related party	Details of related party transactions	Amount recognised in the current year	Amount recognised in the prior year
High-Tech	sales of goods	25,723,931.59	—

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Related party transactions (Continued)

(2) Loans with related parties

Unit: RMB

Related party	Amount of loan	Inception date	Maturity date	Amount at the end of the current period	Remarks
Lent to Fu Chuan	150,000,000.00	27 August 2013	27 August 2014	—	Note

Note: The Company lent RMB0.15 billion to Fuchuan in 2013, which has been repaid in the current year. Accumulative interest income received was RMB5,940,000.00 for the current year.

(3) Guarantees with related parties

Guaranteed party	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee (Note)	Whether execution of guarantee has been completed
Fu Chuan	RMB148,500,000	23 May 2014	22 May 2017	No
Fu Chuan	RMB27,500,000	31 July 2014	30 July 2017	No
Fu Chuan	RMB55,000,000	4 August 2014	3 August 2017	No

Note: During the year, the Company provided guarantees for the bank borrowings granted to Fuchuan, a joint venture of the Company, with a guarantee period of two years starting from the effective date of the relevant borrowing contracts and up to the expiry of the debt discharge period.

(4) Assets transfer with related parties

Unit: RMB

Related party	Details of related party transactions	Amount recognised in the current year	Amount recognised in the prior year
Yulu Mining	Land use rights and buildings	—	1,603,578.96

(5) Compensation for key management personnel

Unit: RMB'000

Item	Amount incurred in the current year	Amount incurred in the prior year
Compensation for key management personnel	11,726	2,906

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Amounts due from related parties

Unit: RMB

Item	Name of related party	Closing balance		Opening balance	
		Book balance	Bad-debt provision	Book balance	Bad-debt provision
Other receivables	Huan Yu	—	—	21,200,000.00	—
Prepayments	Fuchuan	1,360,060.60	—	1,360,060.60	—
Other payables	Huan Yu	—	—	4,000,000.00	—
Other payables	Fuchuan	585,276.21	—	16,373,178.97	—
Other current assets	Fuchuan	—	—	150,000,000.00	—

7. Directors and supervisors' emoluments

Directors' emoluments for the year 2014 are as follows:

	Basic director's fee RMB'000	Retirement salary and allowances RMB'000	Performance related bonus (Note 4) RMB'000	Pensions RMB'000	Social welfare and housing funds (except pensions) RMB'000	Total RMB'000
Executive director:						
Li Chaochun (Note 1)	—	399	1,300	20	23	1,742
Wu Wenjun (Note 2)	—	400	—	20	23	443
Li Faben	—	400	1,200	20	23	1,643
Wang Qinxi	—	370	1,100	20	23	1,513
Gu Meifeng	—	360	1,000	20	23	1,403
Non-executive director:						
Zhang Yufeng	90	—	—	—	—	90
Yuan Honglin	90	—	—	—	—	90
Independent non-executive director:						
Bai Yanchun	200	—	—	—	—	200
Xu Shan	200	—	—	—	—	200
Xu Xu (Note 3)	117	—	—	—	—	117
Cheng, Yu	200	—	—	—	—	200
Total	897	1,929	4,600	100	115	7,641

Note 1: Appointed on 14 January 2014 as chairman of the board and strategic committee.

Note 2: Resigned on 14 January 2014 as chairman of the board, but will continue the position as an executive director.

Note 3: Resigned on 7 February 2014.

Note 4: Except for the annual bonus for 2014, in May 2014, the Remuneration Committee determined the final appraisal proposal for senior management of the Group for 2013 and approved bonus of RMB6,700,000.00, of which Mr. Li Chaochun received RMB3,100,000.00, Mr. Li Faben received RMB1,500,000.00, Mr. Wang Qinxi received RMB1,100,000.00, and Ms. Gu Meifeng received RMB1,000,000.00. The annual bonus for 2013 was not included in the above director's remuneration for 2014.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

7. Directors and supervisors' emoluments (Continued)

Directors' emoluments for the year ended 31 December 2013 are as follows:

	Basic director's fee RMB'000	Retirement salary and allowances RMB'000	Performance related bonus (Note 4) RMB'000	Pensions RMB'000	Social welfare and housing funds (except pensions) RMB'000	Total RMB'000
Executive director:						
Li Chaochun	—	380	—	20	22	422
Wu Wenjun	—	380	—	20	22	422
Li Faben	—	380	—	20	22	422
Wang Qixi	—	360	—	20	22	402
Gu Meifeng (Note 1)	—	204	—	9	9	222
Non-executive director:						
Zhang Yufeng	90	—	—	—	—	90
Shu Hedong (Note 2)	62	—	—	—	—	62
Yuan Honglin (Note 3)	9	—	—	—	—	9
Independent non-executive director:						
Bai Yanchun	200	—	—	—	—	200
Xu Shan	200	—	—	—	—	200
Xu Xu	200	—	—	—	—	200
Cheng Yu	200	—	—	—	—	200
Total	961	1,704	—	89	97	2,851

Note 1: Appointed on 7 June 2013.

Note 2: Resigned on 6 September 2013.

Note 3: Appointed on 25 November 2013.

Note 4: The remuneration committee did not form a final result for evaluation plan of senior executives in the previous year.

Supervisors' emoluments for 2014 are as follows:

	Retirement salary and allowances RMB'000	Performance related bonus RMB'000	Pensions RMB'000	Social welfare and housing funds (except pensions) RMB'000	Total RMB'000
Deng Jiaoyun	—	—	—	—	—
Yin Dongfang	68	—	—	—	68
Zhang Zhenhao	90	—	—	—	90
Total	158	—	—	—	158

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

7. Directors and supervisors' emoluments (Continued)

Supervisors' emoluments for 2013 are as follows:

	Retirement salary and allowances RMB'000	Performance related bonus RMB'000	Pensions RMB'000	Social welfare and housing funds (except pensions) RMB'000	Total RMB'000
Deng Jiaoyun	—	—	—	—	—
Yin Dongfang	90	—	—	—	90
Zhang Zhenhao	90	—	—	—	90
Total	180	—	—	—	180

The five highest paid individuals represented four directors (2013: five) for 2014, the salary range of the other one (2013: Nil) is as follows:

Salary range	Head count in current year	Head count in prior year
HKD3,000,001 to HKD3,500,000 (equivalent to RMB2,372,000 to RMB2,768,000)	1	—

(XI) COMMITMENTS AND CONTINGENCIES

1. Significant commitments

(1) Capital commitments

	Amount for the year	Amount for the previous year
Capital commitments that have been entered into but have not been recognised in the financial statements:		
— Commitment for acquisition and construction of long-term assets	123,749	208,127
Capital commitments approved by the management but not contracted:	—	2,911
Total	123,749	211,038

Unit: RMB'000

At the balance sheet date, the Group has no other commitments that need to be disclosed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(XI) COMMITMENTS AND CONTINGENCIES (Continued)

1. Significant commitments (Continued)

(2) Operating lease commitments

Till the balance sheet date, the irrevocable operating lease contract's situation the Group signed with foreign countries as follows:

Unit: RMB'000

	Closing balance	Opening balance
Minimum lease payment under irrevocable operating leases		
First year after the balance sheet date	360	456
Second year after the balance sheet date	27	—
Third year after the balance sheet date	—	—
Subsequent years	—	—
Total	387	456

2. Contingencies

(1) Pending litigation

On 30 January 2013, the Company received relevant documents from the Intermediate People's Court of Luoyang City, Henan Province, stating that West Lead Mine, Yangshuao, Luanchuan County (樂川縣楊樹凹西鉛礦) ("Yangshuao") filed a lawsuit accusing that the tailing storage built by the No. 3 Ore Processing Branch, a branch of the Company, was in its mining area. As the height of the dam of the tailing storage increased to occupy upwards and the level of the groundwater rose, the mining facilities and equipment of Yangshuao were damaged and its mining needed to be written off. The plaintiff was unable to exploit the defined lead-zinc ore and an economic loss was thus incurred. Therefore, the plaintiff made claims that No. 3 Ore Processing Branch shall cease the infringement and compensate the plaintiff for a direct economic loss of approximately RMB18.0 million. As at 31 December 2014, the lawsuit was still being processed by the court for acceptance. The Company and its attorneys reviewed all the evidence submitted by Yangshuao and believe that the existence of the infringement claimed by the plaintiff could not be confirmed. If Yangshuao is unable to submit new evidence to the court, its claim of infringement is unlikely to be supported by the court only based on the existing evidence. Therefore, the Company believes that the litigation currently would not have any significant impact on the financial position of the Company and has not made any provision for an amount claimed in the aforesaid issue in its financial statements for the end of the period.

(2) Guarantee

As at 31 December 2014, the Group's Australian Northparkes copper and gold mine business provides guarantees to the relevant business operations of Southwest Welsh government agencies of Australia through the bank, whose guarantee amount of AUD28,380,000 is equivalent to RMB142.47 million). The relevant business venture agrees to any liability of the business compulsory executed from this guarantee. As at 31 December 2014, no material security responsibility was undertaken.

The Company provided guarantees of a total of RMB231,000,000 for the bank borrowings of RMB42,000,000 granted to Fuchuan, the subsidiary of Huan Yu, who is a joint venture of the Company, with a term of two years starting from the effective date of the contract and up to the expiry of debt discharge period (please see not (X) 5 (3) for detail). The management of the Company is of the view that, such financial guarantee will have no significant impacts on the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(XII) EVENTS AFTER THE BALANCE SHEET DATE

Dividend declaration

According to a proposal at the 16th meeting of the Third Session of the Board held on 23 March 2015, on the basis 5,076,170,525 issued shares, total dividends in cash of RMB913,710,694.50 (pre-tax) will be distributed to all the shareholders registered on the equity rights registration date stipulated in the dividend announcement. The above proposal regarding dividends distribution is subject to be approved in the forthcoming annual shareholders' meeting.

(XIII) OTHER SIGNIFICANT EVENTS

1. Segment reporting

(1) Reporting segment's confirmation basis and accounting policies

For prior years, based on the Group's internal organisation structure, management requirements and internal reporting system, the management classified the operations of the Group into seven operating segments, namely molybdenum additive materials; deep-processed molybdenum products; tungsten and related products; gold, silver and related products; electrolytic lead; copper, gold and related products; and others. During the year, taken into consideration that the related products of molybdenum and tungsten of the Company are mainly produced from the Sandaozhuang molybdenum and tungsten associated mine, and two products shared the processes of mining, transportation, crushing, tailings discharge and others. In order to reflect the characteristics of the sharing processes of these two products in a more reasonable manner, the Company classified the operations of the Group into five operating segments, namely tungsten and related products; gold, silver and related products; electrolytic lead; copper, gold and related products; and others. The management of the Group regularly assesses the operating performance of these segments in order to distribute resources and assess performance. The comparative disclosure of the previous year were restated on the same basis.

Segment information is disclosed in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to management. The measurement criteria are consistent with the accounting and measurement criteria in the preparation of the financial statements.

(2) Reporting segment's financial information

Unit: RMB'000

Current year	Molybdenum, Tungsten and related products	Gold, silver and related products	Electrolytic lead	Copper, gold and related products (Australia)	Other	Unallocated item	Intersegment eliminations	Total
Operating revenue								
External revenue	3,615,114	274,178	215,680	2,082,668	474,742	—	—	6,662,382
Inter-segment revenue	—	—	—	—	—	—	—	—
Total segment operating revenue	3,615,114	274,178	215,680	2,082,668	474,742	—	—	6,662,382
Total operating revenue in the financial statements	3,615,114	274,178	215,680	2,082,668	474,742	—	—	6,662,382
Operating cost	1,954,328	273,721	246,412	991,637	405,332	—	—	3,871,430
Business taxes and levies	—	—	—	66,845	—	283,137	—	349,982
Selling expenses	—	—	—	75,594	—	24,224	—	99,818
Administrative expenses	—	—	—	17,109	—	431,241	—	448,350
Financial expenses	—	—	—	91,302	—	90,396	—	181,698
Impairment losses of assets	—	—	—	—	—	105,560	—	105,560
Add: Gains (losses) from changes in fair values	—	—	—	—	—	888	—	888
Investment income	—	—	—	—	—	531,758	—	531,758
Segment operating profit	1,660,786	457	(30,732)	840,181	69,410	(401,912)	—	2,138,190
Operating profit	1,660,786	457	(30,732)	840,181	69,410	(401,912)	—	2,138,190
Add: Non-operating income	—	—	—	—	—	66,656	—	66,656
Less: Non-operating expenses	—	—	—	—	—	56,786	—	56,786
Total profit	1,660,786	457	(30,732)	840,181	69,410	(392,042)	—	2,148,060
Less: Income tax expense	—	—	—	125,829	—	222,029	—	347,858
Net profit	1,660,786	457	(30,732)	714,352	69,410	(614,071)	—	1,800,202

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(XIII) OTHER SIGNIFICANT EVENTS (Continued)

1. Segment reporting (Continued)

(2) Reporting segment's financial information (Continued)

Unit: RMB'000

Last year (Restated)	Molybdenum, Tungsten and related products	Gold, silver and related products	Electrolytic lead	Copper, gold and related products (Australia)	Other	Unallocated item	Intersegment eliminations	Total
Operating revenue								
External revenue	3,677,247	716,509	504,164	177,206	461,343	—	—	5,536,469
Inter-segement revenue	—	—	—	—	—	—	—	—
Total segement operating revenue	3,677,247	716,509	504,164	177,206	461,343	—	—	5,536,469
Total operating revenue in the financial statements	3,677,247	716,509	504,164	177,206	461,343	—	—	5,536,469
Operating cost	1,948,138	711,330	607,731	65,636	400,633	—	—	3,733,468
Business taxes and levies	—	—	—	5,293	—	265,388	—	270,681
Selling expenses	—	—	—	6,028	—	20,882	—	26,910
Administrative expenses	—	—	—	297,994	—	388,211	—	686,205
Financial expenses	—	—	—	9,428	—	93,800	—	103,228
Impairment losses of assets	—	—	—	—	—	87,704	—	87,704
Add: Gains (losses)								
from changes in fair values	—	—	—	—	—	8,270	—	8,270
Investment income	—	—	—	—	—	373,418	—	373,418
Segment operating profit	1,729,109	5,179	(103,567)	(207,173)	60,710	(474,297)	—	1,009,961
Operating profit								
in financial statements	1,729,109	5,179	(103,567)	(207,173)	60,710	(474,297)	—	1,009,961
Add: Non-operating income	—	—	—	200,525	—	46,076	—	246,601
Less: Non-operating expenses	—	—	—	—	—	20,380	—	20,380
Total profit	1,729,109	5,179	(103,567)	(6,648)	60,710	(448,601)	—	1,236,182
Add: Income tax expense	—	—	—	(58,262)	—	209,533	—	151,271
Net profit	1,729,109	5,179	(103,567)	51,614	60,710	(658,134)	—	1,084,911

(3) The Group mainly operates in China and Australia, sales to the customers in China and other countries. The Group's geographical information on revenue was determined by the destination to where products are delivered.

Unit: RMB'000

	Amount recognised in the current year	Amount recognised in the prior year
External revenue		
China	5,153,782	5,324,730
Japan	1,310,357	174,004
United Kingdom	15,934	14,847
United States	—	7,412
Germany	—	5,628
Korea	19,640	—
Others	162,669	9,848
Subtotal	6,662,382	5,536,469

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(XIII) OTHER SIGNIFICANT EVENTS (Continued)

1. Segment reporting (Continued)

- (4) External revenue by geographical area of source and non-current assets by geographical location

Unit: RMB'000

Items	Amount recognised in the current year	Amount recognised in the prior year
External revenue from local customers	4,579,714	5,359,263
External revenue from Australian customers	2,082,668	177,206
Subtotal	6,662,382	5,536,469

Unit: RMB'000

Items	Amount at the end of period	Amount at the beginning of period
Non-current assets located in local country	8,025,655	9,327,075
Non-current assets located in Australia	4,956,534	5,259,219
Subtotal	12,982,189	14,586,294

- (5) Degree of reliance on major customers

There is no revenue from a single external customer who accounts for 10% or more of the total revenue.

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

1. Bank balances and cash

Unit: RMB

Item	Closing balance			Opening balance		
	Foreign currency	Exchange rate	Amount in RMB	Foreign currency	Exchange rate	Amount in RMB
Cash:			107,646.60			81,919.35
RMB	—	—	107,646.60	—	—	81,919.35
Bank balances:			215,994,633.61			1,143,639,013.50
RMB	—	—	212,901,653.87	—	—	1,140,557,490.43
US dollar	501,789.95	6.12	3,070,452.85	501,444.11	6.10	3,058,809.07
HK dollar	28,554.81	0.79	22,526.89	28,751.90	0.79	22,714.00
Other currency funds:			8,550,800,000.00			152,504,326.45
RMB	—	—	8,550,800,000.00	—	—	152,504,326.45
total			8,766,902,280.21			1,296,225,259.30

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Bills receivable

(1) Categories of bills receivable

Unit: RMB

Category	Closing balance	Opening balance
Bank acceptance	950,664,698.73	1,532,198,858.49
Total	950,664,698.73	1,532,198,858.49

(2) Bills receivable endorsed or discounted by the Company as at the end of the year but not yet due at the balance sheet date

Unit: RMB

Category	Amount derecognized as at the end of the year	Amount not derecognized as at the end of the year
Bank acceptance bills	528,641,466.09	—
Total	528,641,466.09	—

3. Accounts receivable

Disclosure of accounts receivable by categories:

Unit: RMB

Category	Closing balance				Opening balance			
	Carrying amount Amount	Proportion (%)	Bad debt provision Amount	Proportion (%)	Carrying amount Amount	Proportion (%)	Bad debt provision Amount	Proportion (%)
Accounts receivable that are individually significant	232,110,982.80	96.27	4,229,626.57	1.82	84,167,826.79	95.57	4,293,045.80	5.10
Accounts receivable that are not individually significant	9,002,283.60	3.73	3,812,634.19	42.35	3,904,641.34	4.43	3,904,641.34	100.00
Total	241,113,266.40	100.00	8,042,260.76	3.34	88,072,468.13	100.00	8,197,687.14	9.31

The Company determines that accounts receivable of more than RMB5,000,000 is considered as individually significant accounts receivable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (Continued)

4. Prepayments

Aging analysis of prepayments is as follows:

Unit: RMB

Aging	amount at the end of year		amount at the beginning of year	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	35,305,044.91	95.49	13,919,110.11	89.16
More than 1 year but not exceeding 2 years	1,510,540.94	4.08	183,630.45	1.18
More than 2 Years but not exceeding 3 years	158,630.45	0.43	1,399,965.13	8.96
More than 3 years	—	—	109,286.00	0.70
Total	36,974,216.30	100.00	15,611,991.69	100.0

5. Other receivables

Disclosure of other receivables by categories:

Unit: RMB

Categories	Closing balance				Opening balance			
	Carrying amount Amount	Proportion (%)	Bad debt provision Amount	Proportion (%)	Carrying amount Amount	Proportion (%)	Bad debt provision Amount	Proportion (%)
Other receivables that are individually significant	1,845,108,192.00	98.71	400,000,000.00	21.68	1,632,593,716.61	93.71	—	—
Other receivables that are not individually significant	24,065,512.99	1.29	14,451,543.90	60.05	109,507,139.52	6.29	10,979,464.39	10.03
Total	1,869,173,704.99	100.00	414,451,543.90	22.17	1,742,100,856.13	100.00	10,979,464.39	0.63

The Company determines that other receivables of more than RMB5,000,000 is considered as individually significant other receivables.

Other receivables that are individually significant and for which bad debt provision has been assessed individually:

Unit: RMB

Other receivables (by company)	Closing balance			Proportion reason
	Other receivables	Bad debt provision	Proportion (%)	
Yongning	686,390,875.15	400,000,000.00	58.28	Production currently suspended and relevant payments expected to be exposed to bad debt risks
Total	686,390,875.15	400,000,000.00		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (Continued)

6. Inventories

Categories of inventories:

Unit: RMB

Item	Closing balance			Opening balance		
	Gross carrying amount	Provision for decline in value of inventories	Net carrying amount	Gross carrying amount	Provision for decline in value of inventories	Net carrying amount
Raw materials	79,137,905.78	—	79,137,905.78	86,846,889.06	—	86,846,889.06
Finished goods	33,746,116.72	—	33,746,116.72	71,553,189.47	—	71,553,189.47
total	112,884,022.50	—	112,884,022.50	158,400,078.53	—	158,400,078.53

7. Available-for-sale financial assets

(1) Available-for-sale financial assets

Unit: RMB

Items	Closing balance			Opening balance		
	Gross carrying amount	Provision for decline in value of inventories	Net carrying amount	Gross carrying amount	provision for diminution in value	Net carrying amount
Available-for-sale equity instruments	4,928.00	—	4,928.00	204,928.00	—	204,928.00
Measured at fair value	—	—	—	—	—	—
Measured at cost	4,928.00	—	4,928.00	204,928.00	—	204,928.00
Total	4,928.00	—	4,928.00	204,928.00	—	204,928.00

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (Continued)

8. Long-term equity investments

Details of long-term equity investment as follows:

Unit: RMB

Investee	Initial investment cost	Closing balance	Opening balance
Equity Method			
Yulu Mining	20,000,000.00	105,350,352.33	150,801,396.38
Yuhua Molybdenum (note 1)	—	—	3,171,119.41
High-tech	265,000,000.00	211,765,323.35	221,981,150.83
Huan Yu	973,335,000.00	881,695,431.86	926,745,000.00
Cost Method			
Ye Lian	5,638,250.27	5,638,250.27	5,638,250.27
Da Chuan	157,500,000.00	157,500,000.00	157,500,000.00
Xiao Shou Mao Yi	2,000,000.00	2,000,000.00	2,000,000.00
Da Dong Po	33,483,749.86	33,483,749.86	33,483,749.86
Jiu Yang	17,028,900.00	17,028,900.00	17,028,900.00
San Qiang	28,294,800.00	33,397,038.41	33,397,038.41
International Hotel KUNYU (note 2)	210,000,000.00	210,000,000.00	210,000,000.00
Wu Ye	100,000,000.00	100,000,000.00	350,000,000.00
Precious Metals (note 3)	282,997,600.00	282,997,600.00	100,000,000.00
Hong Kong	0.96	0.96	0.96
Metal Material	650,000,000.00	650,000,000.00	650,000,000.00
Fu Run	8,803,190.84	8,803,190.84	8,803,190.84
Xin Jiang Luo Mu	980,000,000.00	980,000,000.00	980,000,000.00
Hu Qi	9,900,000.00	9,900,000.00	9,900,000.00
Fu Kai	261,520,000.00	261,520,000.00	261,520,000.00
Sales Company	50,000,000.00	50,000,000.00	50,000,000.00
Qi Xing	46,963,636.00	46,963,636.00	46,963,636.00
Hong Kong CMOC (note 4)	575,797,299.48	638,797,299.48	638,797,299.48
Schmocker	4,600,000.00	4,600,000.00	—
Subsidiary subtotal		3,492,629,665.82	4,055,032,065.82
Total		4,691,440,773.36	5,357,730,732.44
Less: Provision for impairment losses (note 3)		282,997,600.00	—
Net amount of long-term equity investments		4,408,443,173.36	5,357,730,732.44

Note 1: Details refer to note V (10)

Note 2: Details refer to note VI

Note 3: the company has completed reduction of precious metals' investment of the subsidiary company during the year, the investment cost is reduced from RMB500,000,000.00 to RMB282,997,600.00; at the same time, the management level has made an impairment provision on total investment amount of precious metal based on the estimates of future expected recyclable amount of related investment.

Note 4: RMB63,000,000.00 (31 December 2013: RMB63,000,000.00) is the fair value produced by financial security of a long-term bank loan amounting to US\$239,500,000.00 (31 December 2013: US\$259,500,000.00) of CMOC Mining Pty Limited, a wholly-owned subsidiary of Hong Kong CMOC which held 100% of its interests.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (Continued)

9. Fixed Assets

Unit: RMB

Items	House building and mining engineering	Machinery equipment	Electronic equipment, furniture and Fixtures	Transport equipment	Total
I. Total original carrying amount:					
1. opening balance	2,426,270,067.80	666,633,135.63	137,834,833.88	126,754,708.22	3,357,492,745.53
2. increased amount at current year	28,344,873.91	73,944,735.34	2,442,013.38	118,473.94	104,850,096.57
(1) purchasing	507,353.97	1,494,433.20	549,089.70	67,521.37	2,618,398.24
(2) Construction in progress transfer	27,837,519.94	72,450,302.14	1,892,923.68	50,952.57	102,231,698.33
3. reduced amount at current year	51,402,848.61	—	11,992.67	1,386,480.12	52,801,321.40
(1) disposal or retirement	51,402,848.61	—	11,992.67	1,386,480.12	52,801,321.40
(2) reduction because of selling subsidiary	—	—	—	—	—
4. closing balance	2,403,212,093.10	740,577,870.97	140,264,854.59	125,486,702.04	3,409,541,520.70
II. Accumulated depreciation					
1. opening balance	1,104,755,557.16	403,086,606.80	76,898,922.60	111,688,893.79	1,696,429,980.35
2. increased amount at current year	97,769,549.77	54,643,094.11	10,396,578.09	3,612,754.70	166,421,976.67
(1) provision	97,769,549.77	54,643,094.11	10,396,578.09	3,612,754.70	166,421,976.67
(2) Construction in progress transfer	—	—	—	—	—
3. reduced amount at current year	1,151,318.32	—	9,993.90	1,320,532.26	2,481,844.48
(1) disposal or retirement	1,151,318.32	—	9,993.90	1,320,532.26	2,481,844.48
(2) reduction because of selling subsidiary	—	—	—	—	—
4. closing balance	1,201,373,788.61	457,729,700.91	87,285,506.79	113,981,116.23	1,860,370,112.54
III. Impairment provision					
1. opening balance	—	2,966,254.30	—	—	2,966,254.30
2. increased amount at current year	—	—	—	—	—
(1) provision	—	—	—	—	—
(2) Construction in progress transfer	—	—	—	—	—
3. reduced amount at current year	—	—	—	—	—
(1) disposal or retirement	—	—	—	—	—
(2) reduction because of selling subsidiary	—	—	—	—	—
4. closing balance	—	2,966,254.30	—	—	2,966,254.30
IV. Carrying amount					
1. carrying amount at the end of the year	1,201,838,304.49	279,881,915.76	52,979,347.80	11,505,585.81	1,546,205,153.86
2. carrying amount at the beginning of the year	1,321,514,510.64	260,580,274.53	60,935,911.28	15,065,814.43	1,658,096,510.88

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (Continued)

10. Intangible assets

Unit: RMB

Item	Land use right	Mining right	Trademark right	Non proprietary technology	Others	Total
I. Total original carrying amount:						
1. opening balance	322,002,791.27	401,485,700.00	1,286,750.00	83,831,281.87	9,402,371.92	818,008,895.06
2. increased amount at current year	—	7,500,000.00	—	—	407,224.62	7,907,224.62
(1) purchasing	—	7,500,000.00	—	—	407,224.62	7,907,224.62
3. reduced amount at current year	349,500.00	—	—	—	—	349,500.00
(1) disposal	349,500.00	—	—	—	—	349,500.00
(2) reduction because of selling subsidiary	—	—	—	—	—	—
4. closing balance	321,653,291.27	408,985,700.00	1,286,750.00	83,831,281.87	9,809,596.54	825,566,619.68
II. Accumulated amortization						
1. opening balance	43,893,469.21	199,108,709.52	925,119.47	14,670,474.42	457,724.22	259,055,496.84
2. increased amount at current year	7,091,867.12	27,219,369.48	67,949.34	8,383,128.24	260,302.46	43,022,616.64
(1) provision	7,091,867.12	27,219,369.48	67,949.34	8,383,128.24	260,302.46	43,022,616.64
3. reduced amount at current year	69,900.00	—	—	—	—	69,900.00
(1) disposal	69,900.00	—	—	—	—	69,900.00
(2) reduction because of selling subsidiary	—	—	—	—	—	—
4. closing balance	50,915,436.33	226,328,079.00	993,068.81	23,053,602.66	718,026.68	302,008,213.48
III. Impairment provision						
1. opening balance	—	—	—	—	—	—
2. increased amount at current year	—	—	—	—	—	—
(1) provision	—	—	—	—	—	—
3. reduced amount at current year	—	—	—	—	—	—
(1) disposal	—	—	—	—	—	—
(2) reduction because of selling subsidiary	—	—	—	—	—	—
4. closing balance	—	—	—	—	—	—
IV. Carrying amount						
1. carrying amount at the end of the year	270,737,854.94	182,657,621.00	293,681.19	60,777,679.21	9,091,569.86	523,558,406.20
2. carrying amount at the beginning of the year	278,109,322.06	202,376,990.48	361,630.53	69,160,807.45	8,944,647.70	558,953,398.22

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (Continued)

11. Deferred income tax assets/deferred income tax liabilities

(1) *Deferred income tax assets or liabilities listed in net value after offsetting*

Unit: RMB

Item	Closing amount	Opening amount
Deferred income tax assets		
Impairment provision for assets	106,268,648.84	3,321,510.87
Government grants' deferred revenue	4,673,819.72	4,613,960.52
Gains and losses from changes in fair value	354,319.50	635,283.00
Net accrued and unpaid expenses	23,256,016.75	24,654,488.03
Scrap of fixed assets without record	3,510,509.81	3,510,509.81
Subtotal	138,063,314.62	36,735,752.23
Deferred income tax liabilities:		
Interest income withheld	(20,256,603.04)	—
Deferred income tax assets after offsetting	117,806,711.58	36,735,752.23

Difference of changes in deferred income tax assets/liabilities is caused by disposal of subsidiaries.

(2) *Temporary differences corresponding to the assets/liabilities causing temporary differences*

Unit: RMB

Item	Temporary difference amount	
	Closing amount	Opening amount
Impairment provision for assets	708,457,658.96	22,143,405.83
Government grants' deferred revenue	31,158,798.16	30,759,736.80
Gains and losses from changes in fair value	2,362,130.00	4,235,220.00
Net accrued and unpaid expenses	155,040,111.61	164,363,253.48
Interest income withheld	(135,044,020.29)	—
Scrap of fixed assets without record	23,403,398.76	23,403,398.76
Subtotal	785,378,077.20	244,905,014.87

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (Continued)

12. Breakdowns of impairment provision on assets

Unit: RMB

Items	Beginning balance	Increase in current year	Decrease in current year Return back	Sell	Closing balance
I. Bad debts provision	19,177,151.53	403,952,116.50	635,463.37	—	422,493,804.66
II. Inventory revaluation provision	—	—	—	—	—
III. Impairment provision for fixed assets	2,966,254.30	—	—	—	2,966,254.30
IV. Impairment provision for long-term equity investment;	—	282,997,600.00	—	—	282,997,600.00
Total	22,143,405.83	686,949,716.50	635,463.37	—	708,457,658.96

13. Other non current assets

Unit: RMB

Item	Closing amount	Opening amount
Deposit more than one year (note)	1,717,165,520.29	1,641,635,056.42
Total	1,717,165,520.29	1,641,635,056.42

Note: For details, please refer to note (V) 16.

14. Short term borrowings

Categories of Short term borrowings:

Unit: RMB

Item	Closing amount	Opening amount
Credit loan	305,950,000.00	127,568,106.88
Total	305,950,000.00	127,568,106.88

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (Continued)

15. Financial liabilities measured at fair value and change calculated in current profit or loss

Details of transaction financial liabilities are as follows:

Unit: RMB

Item	closing fair value	Opening fair value
1. Derivative financial liabilities not designated as hedging instruments — Commodity forward contracts (Note)	44,751,300.00	60,870,420.00
2. Gold lease liabilities measured at fair value (Note)	953,939,350.00	296,092,800.00
Total	998,690,650.00	356,963,220.00

Note: The Company entered into a gold commodity lease agreement with the bank for financing purposes. According to the agreement, the Company was entitled to lease gold from the bank, which was permitted to sell to third parties during the lease period, and the Company was obliged to return the gold with the same quality and weight to the bank when the lease expired. The obligation to return the gold was recognised as a financial liability. The Company hedged against its risk exposures to the fluctuations of fair value of such a held-for-trading financial liability arising from the fluctuations of the gold market price by using gold forward contracts to manage the risks brought about by its obligation to return gold with the same quality and weight to the bank under the gold commodity lease agreement.

16. Taxes payable

Unit: RMB

Item	Closing amount	Opening amount
Corporate income tax	(14,278,193.86)	(98,077,190.87)
City maintenance and construction tax	1,579,690.76	1,421,341.88
Value-added tax	4,623,587.62	19,439,548.21
Resource tax	18,490,861.08	17,420,010.60
Mineral resources compensation fees	14,337,412.80	17,958,430.08
Price adjustment fund	350,380.89	279,413.90
Education surtax	945,725.13	852,299.80
Other tax	(618,387.84)	12,605,050.58
Total	25,431,076.58	(28,101,095.82)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (Continued)

17. Other current liabilities

Unit: RMB

Item	Closing amount	Opening amount
Accrued expenses	13,799,059.54	16,072,854.40
Financial guarantee contracts (Note)	63,000,000.00	63,000,000.00
Total	76,799,059.54	79,072,854.40

Note: Details refer to note (XIV), 8 (note 4).

18. Provision

Unit: RMB

Item	Closing amount	Opening amount
Charges for restoration, rehabilitation and environmental costs (Note)	47,570,371.67	47,570,371.67
Total	47,570,371.67	47,570,371.67

Note: Details refer to note (V), 31 (note 1).

19. Operating income and operating costs

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Main business income	2,876,424,285.42	2,965,609,510.68
Other business income	47,173,409.59	40,389,802.63
Main business cost	1,229,979,561.81	1,233,154,688.43
Other business cost	51,243,158.82	43,063,451.58

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (Continued)

20. Business tax and levies

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year	Calculation and payment standards
Business tax	4,209,194.22	8,315,278.02	Note(IV)
City maintenance and construction tax	18,877,365.31	20,879,725.09	Note(IV)
Surcharges for education charges	11,326,419.18	12,527,411.94	Note(IV)
Resource tax	211,713,206.88	200,313,555.60	Note(IV)
Customs duties	9,279,001.00	102,120.90	Note(IV)
Other	11,335,789.84	12,525,261.78	
Total	266,740,976.43	254,663,353.33	

21. Administrative expenses

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Salary and surcharges	53,533,349.38	44,975,479.09
Depreciation and amortization	22,841,070.60	30,498,662.77
Audit fee	6,094,690.48	5,419,419.05
Consulting and agency costs	37,355,150.63	28,457,311.59
Business entertainment expenses	2,752,912.68	3,746,337.25
Technological development expense	125,315,740.17	115,969,462.12
Other	43,219,892.37	26,035,855.77
Total	291,112,806.31	255,102,527.64

22. Financial expenses

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Bond interest expense	122,855,059.92	98,799,999.99
Commercial paper's discount or interest charges	4,132,561.37	5,344,444.48
Interest expenditure	22,909,701.66	24,006,029.35
Including: interest expenditure for bank loan due within five years	2,971,064.51	3,833,321.68
Other borrowing	19,938,637.15	20,172,707.67
Total interest expenditure:	149,897,322.95	128,150,473.82
Less: interest expenses which has been capitalized	—	—
Less: interest income	149,708,660.49	81,536,820.70
Exchange balance	(5,383,994.34)	(6,333,764.47)
Less: exchange balance which has been capitalized	—	—
Other	64,117,195.33	24,056,985.90
Total	58,921,863.45	64,336,874.55

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (Continued)

23. Impairment losses on assets

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Loss on bad debts	403,316,653.13	7,222,386.85
Loss on inventory valuation	—	2,337.86
Fixed assets impairment losses	—	2,966,254.30
Impairment loss of long-term equity investment	282,997,600.00	—
Total	686,314,253.13	10,190,979.01

24. Investment income

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Long-term equity investment gains calculated as per equity method	96,270,415.49	157,560,072.96
The invested entity distributing dividends calculated as per cost accounting method	151,728,858.78	61,226,478.23
Bonds and bank financial products etc. Income from investment	140,355,509.27	180,919,087.88
Income from investment achieved during the held-for-trading financial assets	—	305,015.04
Investment losses achieved from the disposal of held-for-trading financial assets	(4,235,220.00)	(9,169,761.95)
Investment gains from the sale of equity	350,488,658.28	135,995.18
Total	734,608,221.82	390,976,887.34

25. Non-operating income

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Disposal gains from non-current assets	21,670,101.53	4,679,066.84
Government grants	40,879,687.05	41,573,973.36
Other	459,627.76	14,350.00
Total	63,009,416.34	46,267,390.20

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (Continued)

26. Non-operating expenses

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Disposal loss on non-current liabilities	—	42,583.27
Donations to third parties	4,100,000.00	15,510,000.00
Others	70,838.84	61,639.74
Total	4,170,838.84	15,614,223.01

27. Income tax expenses

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Current income tax liabilities calculated as per tax law and relevant regulations	201,900,367.79	193,134,472.50
Tax supplementation of the final settlement in last year	50,398,090.85	(9,927,645.88)
Deferred income tax adjustment	(81,070,959.35)	11,572,902.24
Total	171,227,499.29	194,779,728.86

Reconciliation sheet for income tax expenses and accounting profit as follows:

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Accounting profit	1,129,464,597.21	1,570,879,313.30
Income tax expenses calculated as per 15% tax rate (the year of 2013: 15%)	169,419,689.58	235,631,897.00
Tax effect of Not deductible fees	15,382,608.60	23,530,117.16
Tax effect of tax-exempt income	(63,972,889.74)	(54,454,639.42)
Tax supplementation of the final settlement in last year	50,398,090.85	(9,927,645.88)
Total	171,227,499.29	194,779,728.86

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (Continued)

28. Supplementary information for cash flow statement

Unit: RMB

Supplementary information	Amount recognised in the current year	Amount recognised in the prior year
1. Adjusting net profit into cash flow from operating activities:		
Net profit	958,237,097.92	1,376,099,584.44
Add: Provision of the impairment of assets	686,314,253.13	10,190,979.01
Depreciation of fixed assets	166,421,976.67	169,849,684.46
Amortization of intangible assets	43,022,616.64	43,845,645.91
Amortisation of long-term prepaid expenses	11,152,737.34	12,146,031.63
Loss from the disposal of fixed assets, intangible assets and other long-term assets (income is filled in column with "--")	(21,670,101.53)	(4,679,066.84)
Loss from fair value change (less income)	2,362,130.00	(3,761,820.00)
Loss on retirement of fixed assets	—	42,583.27
Financial expenses (income is filled in column with "--")	140,038,759.66	94,000,672.71
Investment losses (income is filled in column with "--")	(734,608,221.82)	(390,976,887.34)
The decrease of deferred tax assets (increase is filled in column with "--")	(81,070,959.35)	11,572,902.24
The decrease of inventory (increase is filled in column with "--")	45,516,056.03	25,797,965.07
The decrease of operating accounts receivable items (increase is filled in column with "--")	364,896,003.63	(866,708,438.54)
The increase of operating payables (decrease is filled in column with "--")	106,430,309.77	643,312,359.10
The amortization of deferred revenue	(40,163,487.05)	(40,343,973.36)
The increase of special reserves	72,543,789.06	120,914,532.91
The limited bank deposits (increase) decrease	52,504,326.45	(52,368,263.78)
The net cash flow incurred from operating activities	1,771,927,286.55	1,148,934,490.89
2. The net change conditions of cash and cash equivalents:		
Cash balance at the end of that year	216,102,280.21	1,243,720,932.85
Less: cash balance at the beginning of that year	1,243,720,932.85	782,946,372.40
Add: cash equivalents balance at the end of that year	4,850,800,000.00	—
Less: cash equivalents balance at the beginning of that year	—	450,000,000.00
Net increase (decrease) amount of cash and cash equivalents	3,823,181,347.36	10,774,560.45

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (Continued)

29. Related party relationships and transactions

Please refer to note (VII) for the subsidiaries of the enterprise and note (v), 10 for associates and joint ventures of the enterprise.

(1) Details on related party transactions

(1.1) Sales and purchase of goods, provision and receipt of services

Unit: RMB

The related party	Related transaction type	Content of related party transactions	Related transaction pricing methods and decision-making process	Amount for the current year	Amount for the prior year
The Sales Company	Goods	Sales	Contract price	2,295,339,099.59	2,505,234,428.78
Xiao Shou Mao Yi	Goods	Sales	Contract price	—	45,300.52
Da Chuan	Goods	Sales	Contract price	27,301,078.54	32,780,716.20
Da Dong Po	Goods	Sales	Contract price	86,637,732.96	104,379,536.15
Jiu Yang	Goods	Sales	Contract price	59,517,676.99	68,688,290.26
San Qiang	Goods	Sales	Contract price	101,224,406.38	119,425,658.20
		Sales/provide the charge for use of specific technology			
Metal Material	Goods		Contract price	4,191,564.08	4,191,564.08
Total				2,574,211,558.54	2,834,745,494.19
Da Chuan	Service/Goods	Accept services/purchase of goods and materials	Contract price	7,995,084.13	1,863,935.50
Jiu Yang	Goods	Purchase of goods and materials	Contract price	2,052,806.84	2,086,201.70
Metal Material	Service/Goods	Accept services/purchase of goods and materials	Contract price	2,230,811.23	20,600,000.00
Xiao Shou Mao Yi	Goods	Purchase of goods and materials	Contract price	6,156,742.67	476,494.00
Ye Lian	Service	Accept services	Contract price	2,207,584.95	3,867,924.53
International Hotel	Service	Accept services	Contract price	8,992,412.40	—
Total				29,635,442.22	28,894,555.73

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (Continued)

29. Related party transactions (Continued)

(1) Details on related party transactions (Continued)

(1.2) Loans and borrowings of the related party

Except the currencies deposit of the related party between our company and Fuchuan disclosed in note (X), 5(2), the currencies deposit between our company and other related parties as follows:

The year of 2014:

Unit: RMB

	Lent to during the current year Unit: RMB	Received during the current year Unit: RMB	Closing balance Unit: RMB	Lent to during the prior year Unit: RMB	Received during the prior year Unit: RMB	Opening balance Unit: RMB
Lent to						
Sales Company	5,003,142,846.11	4,624,315,631.52	792,327,788.58	4,526,958,120.07	4,555,965,244.37	413,500,573.99
Ye Lian	173,158,256.49	174,818,519.24	31,248,736.82	112,150,202.97	169,145,452.31	32,908,999.57
International Hotel	96,806,700.00	264,193,481.82	158,698,143.09	136,352,000.00	3,584,075.09	326,084,924.91
Jiu Yang	141,244,238.63	159,085,598.82	62,134,648.62	137,911,605.68	134,690,536.01	79,976,008.81
San Qiang	366,868,690.65	443,701,066.67	—	237,242,102.72	260,848,225.93	76,832,376.02
Metal Material	18,801,150.00	—	—	2,860,850.00	21,662,000.00	(18,801,150.00)
Ying Zhi He Jin	—	—	—	24,616,000.00	29,285,100.00	—
Yong Ning	534,540,450.12	668,356,317.01	686,390,875.15	—	108,806,662.79	820,206,742.04
Qi Xing	—	—	64,796,642.59	56,036,364.00	—	64,796,642.59
Jian Tou	—	—	—	35,000.00	15,045,000.00	—
Fu Run	12,765,768.29	—	12,765,768.29	—	—	—
Total	6,347,328,100.29	6,334,470,615.08	1,808,362,603.14	5,234,162,245.44	5,299,032,296.50	1,795,505,117.93
Borrowed from						
Hong Kong Company	—	1,000,000.00	10,492,276.04	11,492,276.04	—	11,492,276.04
Xiao Shou Mao Yi	103,634,422.37	100,804,543.48	5,680,793.52	82,600,529.36	79,749,614.73	2,850,914.63
Wu Ye	—	15,758,776.19	183,255,844.34	214,125,500.00	15,110,879.47	199,014,620.53
Precious Metals	—	290,722,000.00	—	352,072,000.00	61,350,000.00	290,722,000.00
Yong Ning	—	—	—	1,011,358,175.12	1,044,608,022.80	—
Metal Material	163,171,872.49	144,370,722.49	18,801,150.00	—	—	—
KUNYU	150,590,391.87	164,238,768.36	—	472,105,576.02	479,424,424.22	13,648,376.49
San Qiang	222,466,547.90	—	222,466,547.90	—	—	—
Da Dong Po	303,934,593.70	260,285,296.57	54,881,342.91	197,010,305.13	206,129,084.87	11,232,045.78
Da Chuan	369,448,331.46	361,545,108.17	29,301,727.54	82,483,257.69	95,143,552.95	21,398,504.25
Xin Jiang Luo Mu	53,498,362.44	162,704,087.72	238,571,291.82	671,410,485.26	433,633,468.16	347,777,017.10
International Hotel	—	—	—	62,605,898.91	68,307,930.13	—
Jian Tou	—	—	—	—	37,000,000.00	—
Fu Kai	11,300,000.00	—	11,300,000.00	—	—	—
Hu Qi	9,900,000.00	—	9,900,000.00	—	—	—
Shimoke	214,141,290.00	18,000,000.00	196,141,290.00	—	—	—
CMOC Mining	299,831,000.00	—	299,831,000.00	—	—	—
Total	1,901,916,812.23	1,519,429,302.98	1,280,623,264.07	3,157,264,003.53	2,520,456,977.33	898,135,754.82

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (Continued)

29. Related party relationships and transactions (Continued)

(1) Details on related party transactions (Continued)

(1.2) Borrowings/loans with related parties (Continued)

2013:

Unit: RMB

	Lent to during the current year Unit: RMB	Received during the current year Unit: RMB	Closing balance Unit: RMB	Lent to during the prior year Unit: RMB	Received during the prior year Unit: RMB	Opening balance Unit: RMB
Lent to						
Sales Company	4,526,958,120.07	4,555,965,244.37	413,500,573.99	1,188,051,111.68	995,519,548.54	442,507,698.29
Ye Lian	112,150,202.97	169,145,452.31	32,908,999.57	300,000,000.00	610,095,751.09	89,904,248.91
International Hotel	136,352,000.00	3,584,075.09	326,084,924.91	12,000,000.00	—	193,317,000.00
Jiu Yang	137,911,605.68	134,690,536.01	79,976,008.81	196,374,622.86	119,619,683.72	76,754,939.14
San Qiang	237,242,102.72	260,848,225.93	76,832,376.02	277,788,932.01	177,350,432.78	100,438,499.23
Metal Material	2,860,850.00	21,662,000.00	(18,801,150.00)	—	480,000,000.00	—
Ying Zhi He Jin	24,616,000.00	29,285,100.00	—	5,169,100.00	500,000.00	4,669,100.00
Yong Ning	—	108,806,662.79	820,206,742.04	929,013,404.83	153,879,933.79	929,013,404.83
Qi Xing	56,036,364.00	—	64,796,642.59	8,760,278.59	—	8,760,278.59
Jian Tou	35,000.00	15,045,000.00	—	—	—	15,010,000.00
Total	5,234,162,245.44	5,299,032,296.50	1,795,505,117.93	2,917,157,449.97	2,536,965,349.92	1,860,375,168.99
Borrowed from						
	Lent to during the current year Unit: RMB	Repaid during the current year Unit: RMB	Closing balance Unit: RMB	Borrowed from during the prior year Unit: RMB	Repaid during the prior year Unit: RMB	Opening balance Unit: RMB
Hong Kong Company	11,492,276.04	—	11,492,276.04	—	—	—
Xiao Shou Mao Yi	82,600,529.36	79,749,614.73	2,850,914.63	—	—	—
Wu Ye	214,125,500.00	15,110,879.47	199,014,620.53	—	—	—
Precious Metal	352,072,000.00	61,350,000.00	290,722,000.00	—	—	—
Yong Ning	1,011,358,175.12	1,044,608,022.80	—	6,553,727.39	—	33,249,847.68
Metal Material	—	—	—	—	—	—
KUNYU	472,105,576.02	479,424,424.22	13,648,376.49	463,553,398.65	471,490,390.17	20,967,224.69
San Qiang	—	—	—	—	37,327,455.85	—
Da Dong Po	197,010,305.13	206,129,084.87	11,232,045.78	125,885,914.94	203,743,470.37	20,350,825.52
Da Chuan	82,483,257.69	95,143,552.95	21,398,504.25	225,567,853.00	227,312,136.41	34,058,799.51
Xin Jiang Luo Mu	671,410,485.26	433,633,468.16	347,777,017.10	110,475,473.96	5,610,784.58	110,000,000.00
International Hotel	62,605,898.91	68,307,930.13	—	76,138,438.21	83,853,921.77	5,702,031.22
Jian Tou	—	37,000,000.00	—	37,000,000.00	—	37,000,000.00
Total	3,157,264,003.53	2,520,456,977.33	898,135,754.82	1,045,174,806.15	1,029,338,159.15	261,328,728.62

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (Continued)

29. Related party relationships and transactions (Continued)

(1) Details on related party transactions (Continued)

(1.3) Interest of related parties

In addition to the disclosure of borrowings/loans with Fuchuan in Note (X), 5 (2), the borrowings/loans with other related parties are as follows:

	Current year RMB	Prior year RMB
Net interests paid to (charged from) related parties	19,441,654.94	(21,514,249.84)

(1.4) Assets transfer with related parties (Continued)

Unit: RMB

Related party	Contents of related party transaction	Amount for the current year	Amount for the prior year
Yulu Mining	Land use rights and buildings	—	1,603,578.96

(1.5) Guarantees with related party

Guarantor	Guaranteed party	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether execution of guarantee has been completed
China Molybdenum Co., Ltd. (Note 1)	Hong Kong CMOC	USD306,000,000	25 November 2013	25 November 2018	No
China Molybdenum Co., Ltd. (Note 1) (Note 2)	CMOC Mining	USD259,500,000	29 November 2013	29 November 2020	No
China Molybdenum Co., Ltd. (Note 1)	CMOC Mining	USD259,500,000	27 November 2013	27 November 2020	No
China Molybdenum Co., Ltd.	CMOC Mining	AUD 32,000,000	18 December 2013	18 December 2019	No
China Molybdenum Co., Ltd. (Note 3) Fuchuan		RMB148,500,000	23 May 2014	22 May 2017	No
China Molybdenum Co., Ltd. (Note 3) Fuchuan		RMB27,500,000	31 July 2014	30 July 2017	No
China Molybdenum Co., Ltd. (Note 3) Fuchuan		RMB55,000,000	4 August 2014	3 August 2017	No

Note 1: The guarantee period of instalment debts is from the effective date of the contract to the two years after the debt discharge period expires.

Note 2: The guaranteed amount is USD259.5 million and the actual loan amount is USD239.5 million.

Note 3: During the year, the Company provided guarantees for the bank borrowings granted to Fuchuan, a joint venture of the Company, with a guarantee period of two years starting from the effective date of the relevant borrowing contracts and up to the expiry of the debt discharge period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (Continued)

29. Related party relationships and transactions (Continued)

(2) Amount due from and amount due to related parties

Unit: RMB

Item	Related party	Closing balance	Opening balance
Accounts receivable	Ye Lian	10,076.96	10,076.96
	Da Dong Po	208,583.10	—
	Jiu Yang	89,421.75	—
Dividends receivable	Da Chuan	2,862,586.02	—
	San Qiang	10,118,892.09	11,158,892.09
	Da Dong Po	6,893,440.23	7,913,440.23
Other receivables	Jiu Yang	26,993,751.76	28,013,751.76
	KUNYU (Note)	—	61,226,476.23
	Yong Ning	686,390,875.15	820,206,742.04
	International Hotel	158,698,143.09	326,084,924.91
	Qi Xing	64,796,642.59	64,796,642.59
	Ye Lian	31,248,736.82	32,908,999.57
	Jiu Yang	62,134,648.62	79,976,008.81
	Sales Company	792,327,788.58	413,500,573.99
	San Qiang	—	76,832,376.02
	Fu Run	12,765,768.29	—
Other current assets	Fu Chuan	—	150,000,000.00
Interest receivable	Wu Ye	—	364,834.35
	Yong Ning	—	130,446,139.72
	Fu Chuan	—	302,500.00
Notes receivables	Sales Company	—	5,080,000.00
Interests payable	Precious Metal	—	21,766,276.11
Other payables	Wu Ye	183,255,844.34	199,014,620.53
	Precious Metal	—	290,722,000.00
	Huan Yu	—	4,000,000.00
	Hong Kong company	10,492,276.04	11,492,276.04
	Metal Material	18,801,150.00	18,801,150.00
	Da Chuan	29,301,727.54	21,398,504.25
	Da Dong Po	54,881,342.91	11,232,045.78
	KUNYU	—	13,648,376.49
	San Qiang	222,466,547.90	—
	Fu Kai	11,300,000.00	—
	Hu Qi	9,900,000.00	—
	Schmock	196,141,290.00	—
	CMOC Mining	299,831,000.00	—
Xin Jiang Luo Mu	238,571,291.82	347,777,017.10	
Xiao Shou Mao Yi	5,680,793.52	2,850,914.63	

Note: The Company will complete the disposal of KUNYU within the year, and the transactions with KUNYU shall be used as the transaction accounting of the third party.

(XV) APPROVAL OF THE FINANCIAL STATEMENTS

The Company's financial statements and the consolidated financial statements were approved by the Board and authorised for issue on 23 March 2015.

SUPPLEMENTARY INFORMATION

FOR THE YEAR 2014

1. BREAKDOWN OF NON-RECURRING PROFIT OR LOSS

Unit: RMB

Item	Amount
Net profit	1,800,201,784.04
Add (less): Non-recurring profit or loss items	
— Loss (profit) on disposal of non-current assets	29,385,291.20
— Government grants	(41,326,761.34)
— Income from bank's wealth investment product	(140,844,167.55)
— Investment loss (profit) from banks' wealth investment product	(355,119.70)
— Investment income on disposal of equity investments	(304,092,277.30)
— Loss (profit) on changes in the fair value of held-for-trading financial assets	(888,370.00)
— One-off adjustment on opening deferred income tax in accordance with tax laws	(68,732,119.24)
— Other non-operating income or expenses other than the above	2,071,416.32
Subtotal	(524,782,107.61)
Income tax effects from non-recurring profit or loss items	56,881,047.77
Net profit after deducting non-recurring profit or loss items	1,332,300,724.20
Including: Net profit attributable to shareholders of the parent company	1,357,168,067.06
Net profit attributable to minority interests	(24,867,342.86)

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE (“EPS”)

The return on net assets and EPS have been prepared by China Molybdenum Co., Ltd. in accordance with Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revised in 2010) issued by China Securities Regulatory Commission.

Unit: RMB

Profit for the reporting period	Weighted average return on net assets (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	14.39	0.36	0.36
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	10.71	0.27	0.27

SUPPLEMENTARY INFORMATION

FOR THE YEAR 2014

3. SUPPLEMENTARY INFORMATION RELATED TO CHANGES ON ACCOUNTING POLICY

The Company made changes on relevant accounting policies in accordance with eight accounting standards issued by the Ministry of Finance in 2014, which included "Accounting Standards for Business Enterprises No.2 — Long-term Equity Investment", etc. and restated the comparative financial statements retrospectively. The restated consolidated balance sheet as at 31 December 2012 and 31 December 2013 is as follows:

Unit: RMB

Item	31 December 2012	31 December 2013	31 December 2014
Current assets:			
Bank balance and cash	2,710,070,379.19	1,882,647,897.27	9,325,581,044.71
Financial assets measured at fair value with changes included in current profit or loss	10,891,273.49	—	—
Bill receivable	1,220,159,395.98	1,591,402,447.61	1,158,139,987.39
Accounts receivable	640,733,755.79	805,679,742.94	851,358,849.42
Prepayment	227,396,412.53	297,345,943.53	272,450,320.91
Interest receivable	11,504,773.64	452,860.33	55,295,452.15
Dividends receivable	—	—	61,226,476.23
Other receivable	70,336,012.59	72,517,407.57	48,949,578.33
Inventory	1,310,298,697.22	820,996,265.56	432,754,646.84
Other current assets	1,412,014,904.49	1,701,577,473.05	2,559,100,452.85
Total current assets	7,613,405,604.92	7,172,620,037.86	14,764,856,808.83
Non-current assets:			
Available-for-sale financial assets	204,928.00	204,928.00	4,928.00
Long-term equity investment	1,678,197,197.96	1,598,257,270.92	1,484,565,921.78
Fixed assets	3,623,670,473.44	5,876,304,885.87	4,983,502,274.40
Construction in process	398,038,691.38	493,586,919.64	372,524,643.53
Inventory	—	334,515,072.36	307,737,812.71
Intangible assets	2,057,651,702.79	4,425,899,735.38	3,915,838,078.45
Long-term unamortized expenses	135,300,540.93	128,517,647.63	115,221,782.30
Deferred income tax assets	133,435,838.06	140,019,796.25	307,825,177.99
Other non-current assets	109,410,215.00	1,729,212,246.72	1,802,798,943.92
Total non-current assets	8,135,909,587.56	14,726,518,502.77	13,290,019,563.08
Total assets	15,749,315,192.48	21,899,138,540.63	28,054,876,371.91

SUPPLEMENTARY INFORMATION

FOR THE YEAR 2014

3. SUPPLEMENTARY INFORMATION RELATED TO CHANGES ON ACCOUNTING POLICY (Continued)

Unit: RMB

Item	31 December 2012	31 December 2013	31 December 2014
Current liabilities:			
Short-term borrowing	10,000,000.00	224,344,311.98	462,850,000.00
Financial liability of current profit and loss calculated by fair value and its alteration reckon into current profit and loss	—	357,251,970.00	998,690,650.00
Notes payable	75,891,401.38	27,910,000.00	—
Accounts payable	267,690,496.16	197,385,526.41	192,793,812.46
Advance collections	49,024,118.34	61,827,310.76	76,780,913.29
Payroll payable	120,121,388.57	146,914,601.55	137,777,636.28
Tax payable	(168,792,483.06)	(63,559,475.84)	207,789,199.47
Interest payable	41,166,666.66	55,733,935.24	47,062,873.80
Dividends payable	150,547,472.71	57,085,715.06	27,885,796.67
Other payables	481,230,559.29	568,214,130.26	253,313,764.07
Non-current liabilities due within one year	262,320,927.26	390,708,567.70	578,277,474.64
Other current liabilities	16,433,778.49	20,202,200.99	16,651,701.67
Total current liabilities	1,305,634,325.80	2,044,018,794.11	2,999,873,822.35
Non-current liabilities:			
Long-term loan	—	4,664,128,500.00	4,160,920,000.00
Bonds payable	2,000,000,000.00	2,000,000,000.00	5,438,722,886.26
Provision	46,983,083.13	261,261,918.67	286,450,483.83
Deferred income	25,303,634.90	37,077,021.10	24,375,533.20
Total non-current liabilities	2,072,286,718.03	6,962,467,439.77	9,910,468,903.29
Total liabilities	3,377,921,043.83	9,006,486,233.88	12,910,342,725.64
Equity:			
Capital stock	1,015,234,105.00	1,015,234,105.00	1,015,234,105.00
Capital surplus	8,102,977,121.92	8,102,977,121.92	9,529,866,110.21
Special reserves	78,938,263.32	199,586,093.33	271,924,909.24
Surplus reserves	704,898,171.11	704,898,171.11	704,898,171.11
Undistributed profit	1,641,545,905.43	2,206,609,158.00	3,320,200,571.47
Other comprehensive income	(2,058,590.46)	(51,029,120.69)	(208,549,984.41)
Total equity attributable to the shareholders of the parent company	11,541,534,976.32	12,178,275,528.67	14,633,573,882.62
Minority interests	829,859,172.33	714,376,778.08	510,959,763.65
Total Shareholder's Equity	12,371,394,148.65	12,892,652,306.75	15,144,533,646.27
Total liabilities and Shareholders' equity	15,749,315,192.48	21,899,138,540.63	28,054,876,371.91

SUPPLEMENTARY INFORMATION

FOR THE YEAR 2014

4. THE GROUP'S OPERATING RESULTS, ASSETS AND LIABILITIES FOR THE PAST FIVE ACCOUNTING YEARS

Unit: RMB

Item	2014	2013	2012	2011	2010
I. Total operating revenue	6,662,382,123.45	5,536,469,246.73	5,710,893,904.27	6,099,651,578.23	4,496,966,550.62
II. Total operating costs					
Less: Operating costs	3,871,429,795.40	3,733,468,267.20	4,009,216,807.89	3,911,370,115.23	2,643,702,269.28
Business taxes and levies	349,981,670.62	270,681,417.11	268,890,022.83	218,796,117.22	189,262,351.66
Selling expenses	99,817,516.25	26,909,956.33	25,330,075.67	24,626,272.32	15,105,016.61
Administrative expenses	448,352,128.52	686,204,836.52	433,331,447.59	460,023,025.05	334,990,183.03
Financial expenses	181,697,640.05	103,227,553.28	49,597,057.16	68,700,862.67	(6,737,309.71)
Impairment losses of assets	105,559,909.17	87,704,184.08	27,853,560.45	23,196,195.85	(510,973.30)
Add: Gains (losses) from changes in fair values					
investment income (losses) (the loss is filled with "-")	888,370.00	8,269,939.71	(738,261.14)	(2,469,548.93)	(4,561,086.14)
Investment income (the loss is filled with "-")	531,758,189.98	373,417,961.32	151,042,583.91	127,041,473.79	97,983,666.51
Including: Income from investments in associates and joint ventures	86,466,625.43	185,933,456.10	116,760,141.81	109,243,630.10	25,831,569.77
III. Operating profit	2,138,190,023.42	1,009,960,933.24	1,046,979,255.45	1,517,510,914.75	1,414,577,593.42
Add: Non-operating income	66,656,292.09	246,601,099.22	54,187,319.00	14,804,136.79	16,009,810.73
Less: Non-operating expenses	56,786,238.27	20,379,818.34	4,209,530.52	20,398,534.05	15,886,847.48
Including: losses on disposal of non-current assets	51,055,392.73	4,610,406.83	1,036,818.99	15,357,352.18	713,257.28
IV. Total profit (the total loss is filled with "-")	2,148,060,077.24	1,236,182,214.12	1,096,957,043.93	1,511,916,517.49	1,414,700,556.67
Less: Income tax expenses	347,858,293.20	151,271,401.35	80,581,368.21	355,754,740.02	357,865,750.97
V. Net profit (the net loss is filled with "-")	1,800,201,784.04	1,084,910,812.77	1,016,375,675.72	1,156,161,777.47	1,056,834,805.70
Net profit attributable to shareholders of the parent company	1,824,255,286.97	1,174,203,715.57	1,050,304,676.57	1,118,175,996.91	1,020,691,889.73
Profit or loss attributable to minority interests	(24,053,502.93)	(89,292,902.80)	(33,929,000.85)	37,985,780.56	36,142,915.97
VI. Earnings per share					
Basic earnings per share	0.36	0.23	0.21	0.23	0.21
VII. Other comprehensive income	(157,520,863.72)	(48,970,530.23)	(215,779.49)	1,897,969.35	(2,001,322.58)
VIII. Total comprehensive income	1,642,680,920.32	1,035,940,282.54	1,016,159,896.23	1,158,059,746.82	1,054,833,483.12
Total comprehensive income attributable to shareholders of the parent company	1,666,734,423.25	1,125,233,185.34	1,050,088,897.08	1,120,073,966.26	1,018,690,567.15
Total comprehensive income attributable to minority interests	(24,053,502.93)	(89,292,902.80)	(33,929,000.85)	37,985,780.56	36,142,915.97

Unit: RMB

Item	31 December 2014	31 December 2013	31 December 2012	31 December 2011	31 December 2010
Total assets	28,054,876,371.91	21,899,138,540.63	15,749,315,192.48	14,946,123,955.04	13,709,639,894.39
Total liabilities	12,910,342,725.64	9,006,486,233.88	3,377,921,043.83	3,687,136,847.05	2,009,249,509.34
Minority interests	510,959,763.65	714,376,778.08	829,859,172.33	868,853,735.28	444,882,758.61
Total equity attributable to the shareholders of the parent company	14,633,573,882.62	12,178,275,528.67	11,541,534,976.32	10,390,133,372.71	11,255,507,626.44



洛陽樂川鉬業集團股份有限公司
China Molybdenum Co., Ltd.*