洛陽欒川鉬業集團股份有限公司

China Molybdenum Co., Ltd.*

Srock Code: 3993

2015
Interim Report

*For identification purposes only

SUMMARY OF 2015 INTERIM REPORT

- Net profit attributable to owners of the parent company amounted to RMB463 million, representing a year-on-year decrease of 53.92%. Earnings per share were RMB0.0911 and net cash flow per share from operating activities amounted to RMB0.2458;

- Net profit decreased 55.96% as compared with the same period last year, which was mainly due to the reduction in selling price of products;

- NPM experienced continuing favorable operation with stable development of mining and processing businesses. In the first half of the year, cash production cost was US$0.61/lb, which contributed a net profit of US$42.6 million;

- The molybdenum and tungsten segments continuously reduced their costs through optimisation of mining and processing allocation, innovation of technology research and development and other measures. In the first half of the year, cash production cost of molybdenum concentrates and tungsten concentrates decreased by 2.83% and 10.30% as compared with the same period last year, respectively;

- Balance sheet was positively managed and optimised. As of 30 June 2015, the gearing ratio was approximately maintained at a relatively stable level of 54.74%; and

- Domestic copper recovery has achieved preliminary commercialization, and produced 461 tonnes of 18% copper concentrates.

MAJOR FINANCIAL INDICATORS OF THE FIRST HALF OF 2015

For the six months ended 30 June	**2015** *(RMB million)*	2014 *(RMB million)*	**Changes** *(%)*
Operating revenue	**2,269.26**	3,706.26	-38.77
Operating profit	**432.77**	1,266.62	-65.83
Total profit	**391.45**	1,224.69	-68.04
Net profit	**437.50**	993.34	-55.96
Net profit attributable to owners of the parent company	**463.02**	1,004.88	-53.92
Net cash flow from operating activities	**1,249.30**	1,244.03	0.42
Basic earnings per share *(RMB)*	**0.0911**	0.1980	-53.99
Net cash flow from operating activities per share *(RMB)*	**0.2458**	0.2451	0.29

PROSPECTS AND DEVELOPMENT STRATEGY

The vision of China Molybdenum Co., Ltd. ("**CMOC**" or the "**Company**") is to become a respected international resources company. The Company's values are to implement the highest industrial standards in safety, environmental protection and occupational health, and to create lucrative returns to our shareholders, employees and the society.

The Company's development strategy focuses on:

– strengthening and maintaining the most competitive cost advantage of the existing business, striving for continuous cost reduction, improvement of management, enhancement of efficiency, and identifying and exploiting internal potentials;

– persistently managing and optimising balance sheet, disposing of non-core, low or inefficient assets, reasonably carrying out fund raising exercises through leveraging advantages in capital platforms; and

– actively pursuing acquisition of resources, prioritising acquisition and investment in quality and mature resources projects located in politically stable regions with good cash flow.

MARKET REVIEW AND OUTLOOK

The revenue of the Company mainly comes from the sales of molybdenum, tungsten and copper products including ferromolybdenum and other molybdenum products, tungsten concentrates and copper concentrates. Its operating results are largely subject to the fluctuations in the molybdenum, tungsten and copper markets.

PRICES COMPARISON OF RELEVANT METAL PRODUCTS OF THE COMPANY FOR THE FIRST HALF OF 2015 AND THE CORRESPONDING PERIOD LAST YEAR

Comparison between average prices of the Company's principal products in the first half of 2015 and those in same period of 2014:

Domestic market price of the relevant products of the Company

Products		**First Half of 2015**	First Half of 2014	**Increase/ decrease on a year-on-year basis** *(%)*
Molybdenum	Molybdenum concentrates *(RMB/metric tonne unit)*	**1,122.1**	1,405.1	-20.14
	Ferromolybdenum *(RMB'0,000/tonne)*	**7.82**	9.7	-19.38
Tungsten	Black tungsten concentrates *(RMB/metric tonne unit)*	**1,253.14**	1,707.7	-26.62
Gold	Gold *(RMB/gram)*	**242.6**	256.8	-5.53

Note: The prices of molybdenum and tungsten are extracted from relevant domestic websites. The price of gold represented 99.95% of the price quoted at the Shanghai Gold Exchange.

International market price of the relevant products of the Company

Products		First Half of 2015	First Half of 2014	Increase/ decrease on a year-on-year basis (%)
Molybdenum	Molybdenum oxide *(US$/pound)*	**7.98**	11.8	-32.37
Copper	Cathode copper *(US$/tonne)*	**5,921**	6,881.0	-13.95
Gold	*(US$/ounce)*	**1,206.02**	1,298.5	-7.12

Note: The prices of molybdenum and tungsten are extracted from the relevant international websites. The price of copper represented the price quoted by the London Metal Exchange ("**LME**"), and the price of gold represented the price quoted by the London Bullion Market Association ("**LBMA**").

MARKET REVIEW ON EACH METAL SEGMENTS IN THE FIRST HALF OF 2015

Molybdenum market

In the first half of 2015, domestic molybdenum market showed overall downward trend. The Spring Festival in the first quarter led to a limited build up of inventory of molybdenum concentrate. Although the demand was not strong, the decline in product price was not significant. In the second quarter, in spite of the release of favorable news, the product price reached new lows as a result of the continuing reduction in demand and increase in supply as well as a surge of imported raw materials in the domestic raw materials market. According to average prices quoted on the websites of Molyworld and Comelan, in the first half of 2015, the average price of molybdenum concentrates amounted to RMB1,122.09/metric tonne unit, representing a decrease of 20.14% as compared with the same period last year. The lowest price was RMB990/metric tonne unit and the highest price was RMB1,260/metric tonne unit. The average price of ferromolybdenum (60% Mo) for the first half of the year amounted to RMB78,200/tonne, representing a decrease of 19.38% as compared with the same period last year. The lowest price was RMB70,000/tonne and the highest price was RMB87,000/tonne.

In the first half of 2015, the international molybdenum product prices also showed overall downward trend due to weak demand. In the first quarter, the global iron and steel industry showed poor performance. The international price of molybdenum oxides declined drastically as a result of the continuing weak demand in molybdenum market and flat procurement of traders. In the second quarter, there was panic sentiment in the international market and the price of molybdenum oxides declined under pressure of continual reduction in oil price, weak demand in the downstream and the elimination of export tariffs in China. According to the international MW price, in the first half of 2015, the average price of MW molybdenum oxide amounted to US$7.98/lb Mo, representing a decrease of 32.37% as compared with the same period last year. The lowest price was US$6.20/lb Mo and the highest price was US$9.45/lb Mo.

Tungsten market

In the first half of 2015, under the pressure of weakening demand in the domestic tungsten market and high level of inventory, the price of upstream and downstream products showed generally decreasing trend. In the first quarter, due to the price of tungsten concentrates being close to corporate cost, curbing output of the private mining and relatively intense short-term supply of tungsten ore despite the insistence on the production of mines with quota, the domestic tungsten concentrates market improved slightly. As a result, the market mainly showed periodic fluctuation. In the second quarter, in spite of the elimination of tariffs and the implementation of tax reform policy in succession in China, flat demand and decreasing price of products led to the whole tungsten industrial chain entering into the stage of suffering. According to average prices quoted on the websites of CNFEOL and Comelan, in the first half of 2015, the average price of black tungsten concentrates in the PRC amounted to RMB81,500/tonne (RMB1,253.14/metric tonne unit), representing a decrease of 26.62% as compared with the same period last year. The lowest price was RMB72,000/tonne (RMB1,107.69/metric tonne unit) and the highest price was RMB87,000/tonne (RMB1,338.46/metric tonne unit). The average APT price was RMB128,300/tonne, representing a decrease of 25.84% as compared with the same period last year. The lowest price was RMB114,000/tonne and the highest price was RMB135,000/tonne.

In the first half of 2015, the price of tungsten also experienced a continuing downward trend in the international market. During the Spring Festival, due to the vacation of enterprises in the PRC and difficulty in purchase procurement, the international tungsten market showed a slight increase but remained at a generally downward trend. In May, the price in the international market continued to slide after the elimination of export tariffs in the PRC, representing a year-on-year decrease of 30%. According to average prices from January to June in 2015 quoted on MB Data, the average APT price in the European market was US$255.65/metric tonne unit, representing a decrease of 30% as compared with the same period last year, from US$275-300/metric tonne unit at the beginning of the year to US$215-220/metric tonne unit. In the first half of year, the APT price in the European market peaked at US$315/metric tonne unit and hit the lowest price at US$215/metric tonne unit.

Copper Market

For the first half of 2015, LME copper spot price averaged at US$2.69/pound, peaking at US$2.92/pound in early May and bottomed out at US$2.45/pound in January.

The year 2015 began with the World Bank lowering its annual global economic growth projection to 3% from 3.4%. It also forecasted China's growth at 7.1% below last year's 7.4%, while India's economy could increase to 6.4% this year and edge past China in 2017 in terms of economic growth. The International Monetary Fund also lowered global economic growth forecasts to 3.5%. The U.S. was an economic bright spot, with projected 2015 growth hiked to 3.6% from 3.1% and largely offsetting the weakness of the European-area economy. The Organization for Economic Co-operation and Development (OECD) lowered its 2015 global economic growth forecasts to 3.1% from its November prediction of 3.7%.

A key feature of this year so far has been a much weaker than anticipated economic growth, and although there are signs of recovery across several of the large consuming regions such as the US, Europe and Japan, it is clear that the outlook for China in particular is proving to be far more modest than in prior years. As the largest copper consumer in the world, the slowdown in economic development in China led to its lowest growth of GDP in 25 years, which is estimated to be 7% only in 2015. This had a significant impact on demand for copper and copper prices.

Over the first half of 2015, the copper market remained in surplus and inventories in LME worldwide warehouses increased to 323,450 tonnes from 178,425 tonnes at the beginning of the year, an increase of 145,025 tonnes, despite production problems due to flooding in Northern Chile, lower grade at Escondida (the largest copper mine in the world), lower production from Anglo American, and slower start up at Sierra Gorda. However, world supply will increase since projects such as Constancia in Peru will be coming on in the second half of the year along with Sierra Gorda getting closer to full production while the massive Las Bambas project will slowly ramp up in 2016. It is evident from the TC/RC's decline from US$107/10.7c to US$90/9c that there is a growing demand for copper concentrates in the market. There is a weak demand for finished goods market for cathode and wirerod especially in China.

Since hitting the bottom of US$2.45/pound in January, copper prices had initially trended higher, peaking most recently at US$2.92/pound at the beginning of May. However, the market has been unable to maintain trading at these elevated levels as the weaker macroeconomic environment has dampened sentiment and prices have come back to the US$2.59/pound level at the end of June.

Wood Mackenzie believes that global refined consumption in 2015 will expand by 3.3% to 22.3 million tonnes.

MARKET PROSPECTS ON EACH METAL SEGMENT IN THE SECOND HALF OF 2015

Molybdenum market

Domestic market: in the second half of 2015, the domestic economic growth pace is expected to recover. In terms of demand, the development strategy of "One Belt, One Road", the rebooting of national nuclear power construction etc. will stimulate the demand in the iron and steel industry so as to further promote the demand in molybdenum. However, due to the longer cycle involved in the construction projects, the demand pull is expected to be limited in the second half of this year. In terms of supply, with the price reduction to the cost line of most mines, the domestic supply of molybdenum concentrates and molybdenum oxides in the second half of the year will ease off. The international production capacity of associated molybdenum mines will not be fully released. Based on various factors above, it is expected that the molybdenum price will fluctuate at the bottom in the second half of the year or slightly better than the first half of the year.

International market: in the second half of 2015, the international economy still remains uncertain. The downstream iron and steel industry may turn around. In terms of supply, the production capacity of single molybdenum ore in North America and associate molybdenum ore in South America will be released slightly and the market supply will not be affected significantly. Due to the traditional summer break in the third quarter, the market is expected to maintain weak. After the summer break, with the end of the industrial off-peak season, it is expected that the international molybdenum prices will remain stable or may rise slightly.

Tungsten market

Domestic market: in the second half of 2015, it is estimated that no new policy will be issued in relation to tungsten. In terms of supply, it will decrease accordingly due to the limited cost. As for the demand, the output of hard alloy, tungsten products and special steel etc. will remain stable with the recovery of economy. However, on account of the larger inventory of tungsten products in the earlier stage, it is estimated that the tungsten market trend in the second half of the year is dependent on the inventory. In the event of unfavorable inventory consumption in the market, tungsten prices will continue to lack support, which may lead to the downward market conditions and seeking of support at the bottom.

International market: in the second half of 2015, the international tungsten market remains vulnerable. The oversupply of tungsten in the international market, especially the overstocking of large amounts of tungsten concentrates mines and APT in the PRC, causes difficulties in the consumption, such that it would be relatively difficult for the tungsten market to turn around in the short period of time. With the smaller volume of tungsten market in Europe, small trading volume in the markets of Japan and South Korea and under the condition of self-saturation, the tungsten market is influenced by the elimination of export tariffs in the PRC. The recycling and application range of waste tungsten in the European market continue to expand, and the demand for raw materials is affected once again. It is expected that in the second half of 2015, the international tungsten market will also struggle at low prices in the long run.

Copper market

The commodities markets have suffered a substantial downturn of over 50% to 60% from their peak led by oil and iron ore markets. However, although copper has also declined from its peak price of US$3.50/pound since 2013 to US$2.27/pound, the bottom price prior to the date of this report, it has performed better than oil and iron ore given the looming, longer term supply shortages expected in 2017 and beyond which should provide a strong foundation to the market. Our expectation is that prices will fluctuate between US$2.25/pound and US$2.75/pound after the current summer seasonal slowdown ends in the West and forecasted further stimulation to the Chinese economy in the second half of this year.

BUSINESS REVIEW AND PROSPECTS

Comparable Table of Production Volume, Sales Volume and Unit Cash Production Cost of Major Products of the Company

	For the first half of 2015					For the first half of 2014		
	Production Volume *(Tonnes)*		Sales Volume *(Tonnes)*	Unit cash production cost *(RMB/Tonne)*		Production Volume *(Tonnes)*	Sales Volume *(Tonnes)*	Unit cash production cost *(RMB/Tonne)*
Name of Products	Actually completed	Completed proportion in the estimated volume *(%)*	Actually completed	Actually completed	Increase/ decrease from the estimated volume *(%)*			
Molybdenum (100%)	**8,638**	**52.92**	**7,873**	**55,200**	**-12.88**	7,681	9,870	56,805
Tungsten (100%)	**4,607**	**52.83**	**4,068**	**16,596**	**4.30**	3,649	3,807	18,501
Copper for sale (calculated based on 80% equity interests *(Note)*	**20,215**	**48.58**	**21,066**	**0.61**	**-22.78**	21,724	22,025	0.53

Note: The unit cash generating cost of copper available for sale is US$/pound. When calculating based on 80% equity interests, NPM recorded a capacity of 19,651oz for gold available for sale for the first half of 2015.

During the reporting period, notwithstanding various adverse conditions such as the complicated and ever-changing metal market, the pressure of continued decline in the market price of molybdenum, the gradual decrease in the price of upstream and downstream products under the pressure of weakening demand for tungsten and difficulties in lowering inventory level and intense fluctuation of copper price which resulted in the continuous weak pattern in the industry, the management of the Company, under the leadership of the Board, overcame difficulties, drew on collective wisdom and ideas, and through adopting a series of effective measures including the active promotion of low-efficiency asset stripping, implementing cost reduction and efficiency increase measures and comprehensive recovery of resources, continually strengthening the internal management and paying more efforts on employees' technical training and so forth. As such, the Company attained outstanding results in production operation and related works.

1. Continual promotion and implementation of development strategy

During the reporting period, the Company continued to strip off non-core and low-efficient assets, simplify the corporate structure, focus on investing resources in the core business of the Company, and entered into the Capital Injection Agreement in relation to Yongning Gold & Lead to complete the transfer of control of Yongning Gold & Lead, and optimize the balance sheet, which provided better conditions to the sustainable, rapid and healthy development of the Company.

2. Active implementation of costs reduction and efficiency enhancement

During the reporting period, the Company actively upgraded technology, optimised technological indicators, implemented streamline management, reduced all non-production expenditure to further enhance cost management. Various measures were adopted to lower production costs by tapping into the potential of the Company and increasing revenue while controlling costs, which created a good environment of costs reduction and efficiency enhancement throughout the Company and attained satisfactory results. In respect of the technical indicators, the recovery rates of copper and tungsten were improved as compared to the same period last year. In the first half of 2015, the Company's total production cost of domestic mining decreased by RMB110.85 million year-on-year; the total costs of molybdenum concentrates decreased by RMB21.81 million; the total processing costs of ferromolybdenum decreased by RMB7.86 million year-on-year; the total production costs of tungsten concentrates decreased by RMB2.25 million year-on-year; and the above production costs in aggregate decreased by RMB142.77 million as compared to that of the same period last year.

3. Accelerated promotion of the comprehensive recovery of resources

During the reporting period, the comprehensive recovery of resources of the Company made new breakthroughs. The industrialization of the copper recovery of mineral processing companies No.1, No.2 and No.3 have been fully realized, with the production volume of 461 tonnes of 18% copper concentrate. The laboratory experiment in relation to the recovery of by-products including fluorite and rhenium has been preliminarily completed, which is used for actively promoting the large scale production experiment.

4. Continual enhancement of the internal management and employees' technical training

During the reporting period, through the implementation of integrated management, safety management, equipment management, energy management, etc., the construction of information management of the Company has stepped up comprehensively, thereby strengthening the employees' technical training, improving the operating skills and continually implementing refined and standardized management.

5. Management integration

The Company diligently learnt from the advanced management experience of Australian mining enterprises and adhered to the corporate culture and operational concepts of the Company to implement management integration, which comprehensively and continually reinforce the management of subsidiaries. The Company boosted the morale of Australian NPM management teams and staffs to ensure the sustainable and efficient operation of Australian NPM.

6. Credit Ratings Upgrade

The Company continues to maintain a strong capital structure, and its financial strength stands at the forefront amongst its industry peers. The Company is recognized for its advantages in its rich resources, solid position in the industry and technological capabilities. China Chengxin International Credit Rating Co., Ltd., a member of Moody's Investors Service, Inc., issued the 2015 Credit Rating Tracking Report of China Molybdenum Co., Ltd. on 24 June 2015, and according to which, the credit rating of the Company has been upgraded from AA^+ to AAA, the credit rating outlook is stable and the bond credit rating of "12 CMOC MTN1" has been upgraded from AA^+ to AAA. The upgrade of the credit ratings allows the Company to expand its financing channels while lowering the finance costs in its future operations, in turn fostering the further development of its business operations.

7. Keep elevating the market value management level and actively safeguarding the investors' interests

During the panic crash of the securities market in early July 2015, the Company stabilized the secondary market price through all kinds of active and effective measures including acquisition of A Shares by directors, supervisors, senior management, and the proposed interim profit distribution of the issue of bonus shares on the basis of 20 bonus shares for every 10 shares of the Company. The Company safeguarded the investors' interests with practical actions, which strengthened investors' confidence in the Company, established a positive image for broad investors and highlighted the Company's strong confidence in the expectations of future development.

MATERIAL EVENTS

1. On 14 May 2015, the 26th extraordinary meeting of the third session of the Board of the Company considered and approved the Resolution in Relation to the Increase in the Registered Capital and Debt Restructuring of Luoyang Yongning Gold & Lead Refining Co., Ltd. The main contents are set out as follows: Lingbao Dinglong Mining Company Limited ("**Dinglong Mining**") would subscribe by cash for the new registered capital of RMB122 million in Yongning Gold & Lead. Luomu Precious Metals would waive the pre-emptive rights. Meanwhile, the Company would carry out the debt restructuring with Yongning Gold & Lead in relation to the debt (in the sum of RMB684 million) owed to the Company. The Progress Announcement in Relation to the Increase in Registered Capital and Debt Restructuring of Yongning Gold & Lead was issued on 18 May 2015 and the Announcement in relation to Completion of the Industrial and Commercial Registration of Changes for Yongning Gold & Lead was issued on 10 August 2015. (For details, please refer to the announcements of the Company dated 14 May 2015, 18 May 2015 and 10 August 2015)

2. The Company held the 26th extraordinary meeting of the third session of the Board of the Company by way of communication on 14 May 2015, during which the Resolution in Relation to the Adjustment to the Provision for Simple Reproduction Maintenance Fee* and the Application Method of the Balance (《關於調整維簡費計提及結餘使用方法的議案》) was considered and approved. Pursuant to the Notice on Ceasing to Regulate the Standard of the Provision for Simple Reproduction Maintenance Fee* of Metallurgical Mines (Cai Zi [2015] No. 8) (財資[2015] 8號《關於不再規定冶金礦山維持簡單再生產費用標準的通知》) issued by the Ministry of Finance, the Company decided to cease the provision for production maintenance fee* from the publication date of Cai Zi [2015] No. 8 document issued by the Ministry of Finance; the unused provision for simple reproduction maintenance fee* of RMB237,884,285.53 as at 31 March 2015 will still be used within the expenditure range of the original production maintenance fee* of the Company. After utilizing the balance of simple reproduction maintenance fee*, the relevant items are directly presented under cost according to the prevailing conditions. The change in the provision for simple reproduction maintenance fee* will not have an impact on the Company's 2015 first quarterly report and the previously disclosed reports, and shall not be subject to any retrospective adjustments; after the adjustment of the standard on the provision for simple reproduction maintenance fee*, the mining cost will decrease by RMB15 per tonne, which is expected to lead to an increase in net profit of approximately RMB200 million for the year of 2015 for the Company, and the change in net profit is ultimately subject to the actual volume of ore mined from April to December 2015. (For details, please refer to the announcement of the Company dated 14 May 2015)

3. As approved by the Self-discipline Regulatory Decision [2014] No. 681 promulgated by the SSE, the RMB4.9 billion convertible corporate bonds of the Company were listed and traded on the SSE since 16 December 2014 (Bond Abbreviation: CMOC Convertible Bonds, Bond Code: 113501). Pursuant to the Announcement in relation to the Listing of the A-Share Convertible Corporate Bonds Publicly Issued by CMOC, the CMOC Convertible Bonds issued by the Company would be converted into shares of the Company commencing from 2 June 2015. As at 30 June 2015, the CMOC Convertible Bonds (113501) issued by the Company in an amount of RMB601,934,000 have been converted into the A Shares issued by the Company, with 68,557,192 converted shares in aggregate, representing 1.35% of the total number of issued shares of the Company before conversion of the convertible corporate bonds. The outstanding amount of CMOC Convertible Bonds was RMB4,298,066,000, representing 87.72% of the total amount of CMOC Convertible Bonds issued. In the end, the Company convened the 29th extraordinary meeting of the third session of the Board of the Company by way of teleconferencing on 23 June 2015, which passed the Resolution in respect of the Early Redemption of CMOC Convertible Bonds. The Company decided to redeem in advance the CMOC Convertible Bonds which have not been converted into shares.

   After trading hours of SSE on 9 July 2015, the balance of all CMOC Convertible Bonds registered at the China Securities Depository and Cleaning Corporation Limited Shanghai Branch was RMB45,558,000 (455,580 convertible bonds), representing 0.93% of the total issued convertible bonds of the Company, i.e. RMB4.9 billion (49 million convertible bonds). The aggregate number of convertible bonds converted amounted to 552,895,708 shares, representing 10.89% of the total issued shares of 5,076,170,525 shares of the Company prior to the conversion of "CMOC Convertible Bonds", which resulted in an increase in the total share capital to 5,629,066,233 shares.

   From 10 July 2015, trading of CMOC Convertible Bonds (113501) and the conversion of CMOC Convertible Shares (191501) was suspended. From 16 July 2015, CMOC Convertible Bonds (113501) and CMOC Convertible Shares (191501) of the Company were delisted from the SSE. (Please refer to the relevant announcements published by the Company for details)

4. The Company held the 4th extraordinary meeting of the fourth session of the Board by way of circulation on 11 August 2015, during which the Resolution in Relation to the Approval of the Transfer of 100% Equity Interests in Luomu Group Precious Metals Co., Ltd. (《關於同意轉讓洛陽鉬業集團貴金屬有限公司100%股權的議案》) was unanimously passed after voting by the directors attending the meeting. On the same day, the Company and Dinglong Mining entered into the Equity Transfer Agreement of Luomu Group Precious Metals Co., Ltd. (hereafter referred to as "**Transfer Agreement**"), pursuant to which the 100% equity interests of Luomu Precious Metals held by the Company were transferred to Dinglong Mining for the sum of RMB10,000 as negotiated and confirmed by both parties and Luomu Precious Metals held 0.61% equity interests of Yongning Gold & Lead. Upon completion of the transaction, the Company no longer had any shareholding relationship with Luomu Precious Metals and Yongning Gold & Lead. (For details, please refer to the announcement of the Company dated 11 August 2015)

5. ***Domestic industrial policies***

   Export quotas

   On 24 December 2014, the Ministry of Commerce of the PRC promulgated the list of state-owned enterprises involving tungsten, antimony and silver export, the list of exporters of Rare Earth, Indium, Molybdenum and tin and the first batch of export quotas for 2015, announcing that the export quotas of molybdenum and tungsten products were eliminated.

Export tariffs

On 14 April 2015, the Customs Tariff Commission of the State Council promulgated the notice in relation to on the adjustment to export tariffs of certain products. Under the notice, the export tariffs of molybdenum and tungsten products were eliminated.

Resource tax

On 30 April 2015, the Ministry of Finance and State Administration of Taxation promulgated the notice in relation to the innovation implementation of resources tax of rare earth, tungsten and molybdenum levied on the ad valorem basis, which shifted the basis for the calculation of the resource tax of molybdenum and tungsten from the quantity to ad valorem. In particular, the taxable products of molybdenum and tungsten included raw ore and concentrate processed using self-served raw ore. As for the raw ore is processed to concentrate for sale by taxpayers, the resource tax is calculated and paid in accordance with concentrate sales volume (added-value tax exclusive) and applicable tax rate. As for the raw ore processed and sold by taxpayers, the resource tax is calculated and paid in accordance with raw ore sales volume (added-value tax exclusive) converted into concentrate sales volume. The formula of tax payable is: tax payable = concentrate sales volume × applicable tax rate; where the applicable tax rate of tungsten resource is 6.5% and pursuant to the stipulations under the Notice in Relation to the Implementation of Reforms on the Calculation of Rare Earth, Tungsten and Molybdenum Resource Taxes Based on Price (Cai Shui [2015] No. 52), the tungsten recovered by the Company shall not be subject to resource tax. The applicable rate of the molybdenum resource tax is 11%.

BUSINESS PROSPECTS

In the second half of 2015, the management of the Company will proactively respond to opportunities and challenges brought about by the price fluctuations in the molybdenum, tungsten, copper and gold markets, and endeavor to achieve a balance between production and sales as well as the maximization of profit through proactive optimisation of product structure. The Company will continue to further enhance its comprehensive strengths and profitability to achieve better return to shareholders through relying on the advantages in scale, industrial chain, technology, capital, market and management as well as the financing platform of the capital market; structural adjustment and change in growth pattern which will serve as the main drivers for growth; and supported by construction of major projects and overseas expansions, we will continue to strive for internal improvement and identify external acquisition opportunities. The management will focus on the following tasks:

1. To consolidate the competitive advantages of cost of molybdenum and tungsten businesses, achieve further optimisation of the processing business and asset layout in Luanchuan area, and enhance the construction of automation, informationization, standardization;

2. To continue to advance the non-core assets stripping, simplify the corporate structure and optimize the balance sheet;

3. To accelerate the industrial pattern of resources recycling and reusing so as to nurture a new economic growth point;

4. To continue to pay attention to the market movement of the tungsten market and push forward the build up of a commercial reserve at the appropriate time. As tungsten is China's dominant mineral resource, the ability to protect such resource continues to decline. Confronted with the current market demands being under pressure and fluctuation at low prices, the tungsten products are exported at the price lower than cost. As the major producer of tungsten ore, in order to stabilize the market price and promote the industrial development, the Company will speed up the industrial investigation and research, actively push forward the commercial reserves of tungsten to fully enjoy the revenue generated from the increasing price in tungsten in the future;

5. To further promote the management work including benchmarking management, standardization management, improving and strengthening quality management, cost management, informationization management, investment management, risk management, human resources management, standardization construction and corporate cultural construction to promote the upgrading of the Company's management;

6. To promote internal communications, learn from the advanced operation management and technology in Australia and achieve synergistic effect at home and abroad; and

7. To establish a sound corporate market value management system in a bid to improve the management level and actively safeguard the interests of investors.

FINANCIAL HIGHLIGHTS

1. CONSOLIDATED BALANCE SHEET

Items	Closing balance	Opening balance	Increase (decrease)
Current assets:			
Bank balances and cash	**8,171,068,821.65**	9,325,581,044.71	-12.38%
Financial assets at fair value through profit or loss	**2,031,637,274.12**	–	100.00%
Bills receivable	**583,766,492.72**	1,158,139,987.39	-49.59%
Accounts receivable	**1,026,153,212.85**	851,358,849.42	20.53%
Prepayments	**196,381,276.79**	272,450,320.91	-27.92%
Interests receivable	**126,485,912.06**	55,295,452.15	128.75%
Dividends receivable	**61,226,476.23**	61,226,476.23	–
Other receivables	**39,129,641.52**	48,949,578.33	-20.06%
Assets classified as held for sale	**173,950,544.55**	–	100.00%
Inventories	**648,865,124.07**	432,754,646.84	49.94%
Other current assets	**3,717,241,198.57**	2,559,100,452.85	45.26%
Total current assets	**16,775,905,975.13**	14,764,856,808.83	13.62%
Non-current assets:			
Available-for-sale financial assets	**2,355,532,217.87**	4,928.00	47,798,849.23%
Long-term equity investment	**1,436,711,024.44**	1,484,565,921.78	-3.22%
Fixed assets	**4,502,822,520.48**	4,983,502,274.40	-9.65%
Construction in progress	**298,755,199.13**	372,524,643.53	-19.80%
Inventories	**287,898,154.53**	307,737,812.71	-6.45%
Intangible assets	**3,788,854,216.22**	3,915,838,078.45	-3.24%
Long-term deferred expenses	**111,191,744.41**	115,221,782.30	-3.50%
Deferred tax assets	**459,603,520.12**	307,825,177.99	49.31%
Other non-current assets	**2,455,027,543.61**	1,802,798,943.92	36.18%
Total non-current assets	**15,696,396,140.81**	13,290,019,563.08	18.11%
Total assets	**32,472,302,115.94**	28,054,876,371.91	15.75%

Items	Closing balance	Opening balance	Increase (decrease)
Current liabilities:			
Short-term borrowings	**4,031,983,600.00**	305,950,000.00	1,217.86%
Financial liabilities at fair value through profit or loss	**1,422,624,900.00**	998,690,650.00	42.45%
Bills payable	**545,520,000.00**	156,900,000.00	247.69%
Accounts payable	**272,866,585.57**	192,793,812.46	41.53%
Receipts in advance	**41,401,224.66**	76,780,913.29	-46.08%
Employee benefits payable	**101,674,494.62**	137,777,636.28	-26.20%
Taxes payable	**-44,407,237.73**	207,789,199.47	-121.37%
Interests payable	**105,665,674.84**	47,062,873.80	124.52%
Dividends payable	**1,041,117,718.61**	27,885,796.67	3,633.51%
Other payables	**224,206,307.24**	253,313,764.07	-11.49%
Liabilities classified as held for sale	**38,625,140.14**	–	100.00%
Non-current liabilities due within one year	**3,801,020,538.78**	578,277,474.64	557.30%
Other current liabilities	**46,296,554.36**	16,651,701.67	178.03%
Total current liabilities	**11,628,595,501.09**	2,999,873,822.35	287.64%
Non-current liabilities:			
Long-term borrowings	**3,870,678,612.77**	4,160,920,000.00	-6.98%
Bonds payable	**2,000,000,000.00**	5,438,722,886.26	-63.23%
Provision	**241,603,910.69**	280,949,808.78	-14.00%
Other non-current liabilities	**35,314,932.29**	29,876,208.25	18.20%
Total non-current liabilities	**6,147,597,455.75**	9,910,468,903.29	-37.97%
Total liabilities	**17,776,192,956.84**	12,910,342,725.64	37.69%
Shareholders' equity:			
Share capital	**1,028,945,543.40**	1,015,234,105.00	1.35%
Capital reserve	**9,956,670,829.38**	9,529,866,110.21	4.48%
Other comprehensive income	**-463,593,590.13**	-208,549,984.41	122.29%
Special reserve	**213,476,676.75**	271,924,909.24	-21.49%
Surplus reserve	**704,898,171.11**	704,898,171.11	–
Undistributed profits	**2,769,993,117.36**	3,320,200,571.47	-16.57%
Total equity attributable to the shareholders of the parent company	**14,210,390,747.87**	14,633,573,882.62	-2.89%
Minority interests	**485,718,411.23**	510,959,763.65	-4.94%
Total shareholders' equity	**14,696,109,159.10**	15,144,533,646.27	-2.96%
Total liabilities and shareholders' equity	**32,472,302,115.94**	28,054,876,371.91	15.75%

2. CONSOLIDATED INCOME STATEMENT

Items	January-June 2015	January-June 2014	Increase (decrease)
I. Total operating revenue	**2,269,257,230.22**	3,706,264,957.22	-38.77%
Including: Operating Revenue	**2,269,257,230.22**	3,706,264,957.22	-38.77%
Less: Operating costs	**1,328,954,741.17**	2,334,096,371.48	-43.06%
Business taxes and levies	**123,800,311.87**	142,897,916.56	-13.36%
Selling expenses	**43,385,266.51**	52,324,024.40	-17.08%
Administrative expenses	**152,765,412.13**	174,097,056.67	-12.25%
Financial expenses	**161,247,938.92**	55,375,977.78	191.19%
Impairment losses of assets	**167,418,449.46**	60,241,986.39	177.91%
Add: Gains (losses) from changes in fair values (loss is filled in column with"-")	**39,243,074.12**	4,678,325.00	738.83%
Investment income (loss is filled in column with"-")	**101,845,462.24**	374,707,615.99	-72.82%
Including: Income from investments in associates and joint ventures	**24,645,102.66**	53,467,708.20	-53.91%
II. Operating profit (loss is filled in column with"-")	**432,773,646.52**	1,266,617,564.93	-65.83%
Add: Non-operating income	**16,446,283.45**	12,259,276.04	34.15%
Including: Income from disposal of non-current assets	**365,515.38**	160,882.21	127.19%
Less: Non-operating expenses	**57,766,138.50**	54,189,957.15	6.60%
Including: Losses from disposal of non-current assets	**38,880,761.70**	49,068,268.76	-20.76%
III. Total profit (the total loss is filled in column with"-")	**391,453,791.47**	1,224,686,883.82	-68.04%
Less: Income tax expenses	**-46,042,063.66**	231,344,517.70	-119.90%
IV. Net profit (the total loss is filled in column with"-")	**437,495,855.13**	993,342,366.12	-55.96%
Net profit attributable to owners of the parent company	**463,024,467.83**	1,004,883,580.25	-53.92%
Profit or loss attributable to minority interests	**-25,528,612.70**	-11,541,214.13	121.20%
V. Other comprehensive income, net of tax	**-255,043,605.72**	119,122,660.59	-314.10%
Other comprehensive income attributable to owners of the parent company, net of tax			
(1) Other comprehensive income not to be reclassified subsequently to profit or loss	**–**	–	–
(2) Other comprehensive income to be reclassified subsequently to profit or loss	**-255,043,605.72**	119,122,660.59	-314.10%
1. Exchange differences arising from translation of financial statements denominated in foreign currencies	**-132,700,442.17**	119,122,660.59	-211.40%
2. Gains or losses from changes in the fair value of available-for-sale financial assets	**-122,343,163.55**	–	100.00%
Other comprehensive income attributable to minority interests, net of tax		–	
VI. Total comprehensive income	**182,452,249.41**	1,112,465,026.71	-83.60%
Total comprehensive income attributable to owners of the parent company	**207,980,862.11**	1,124,006,240.84	-81.50%
Total comprehensive income attributable to minority interests	**-25,528,612.70**	-11,541,214.13	121.20%
VII. Earnings per share:			
(I) Basic earnings per share	**0.09**	0.2	-55.00%
(II) Diluted earnings per share	**0.09**	N/A	

3. CONSOLIDATED CASH FLOW STATEMENT

Items	January-June 2015	January-June 2014	Increase (decrease)
I. Cash flow from operating activities:			
Cash received from sales of goods and provision of services	**2,864,466,931.85**	3,519,309,028.99	-18.61%
Refund of taxes	–	–	–
Other cash receipts relating to operating activities	**183,832,536.93**	89,346,353.54	105.75%
Sub-total of cash inflows from operating activities	**3,048,299,468.78**	3,608,655,382.53	-15.53%
Cash payments for goods purchased and services received	**776,087,026.95**	1,357,712,001.56	-42.84%
Cash payments to and on behalf of employees	**352,196,714.92**	364,227,025.02	-3.30%
Payments of various types of taxes	**624,253,839.98**	571,201,389.61	9.29%
Other cash payments relating to operating activities	**46,465,927.03**	71,484,394.43	-35.00%
Sub-total of cash outflows from operating activities	**1,799,003,508.88**	2,364,624,810.62	-23.92%
Net cash flow from operating activities	**1,249,295,959.90**	1,244,030,571.91	0.42%
II. Cash flows from investing activities:			
Cash receipts from disposals and recovery of investments	**3,640,000,000.00**	1,154,184,735.00	215.37%
Cash receipts from investment income	**122,891,000.41**	172,000,056.90	-28.55%
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	**3,561,335.18**	5,688,681.45	-37.40%
Cash receipts from acquisitions or disposals of subsidiaries and other business units	–	398,415,393.06	-100.00%
Other cash receipts relating to investing activities	–	171,000,000.00	-100.00%
Sub-total of cash inflows from investing activities	**3,766,452,335.59**	1,901,288,866.41	98.10%
Cash payments for acquisitions or disposals of subsidiaries and other business units	**180,761.10**	–	100.00%
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	**231,596,371.44**	203,893,384.14	13.59%
Cash payments to acquire investments	**10,433,116,300.92**	500,000,000.00	1,986.62%
Other cash payments relating to investing activities	–	26,841.16	-100.00%
Sub-total of cash outflows from investing activities	**10,664,893,433.46**	703,920,225.30	1,415.07%
Net cash flow from investing activities	**-6,898,441,097.87**	1,197,368,641.11	-676.13%

Items	January-June 2015	January-June 2014	Increase (decrease)
III. Cash flows from financing activities:			
Cash receipts from capital contributions		–	
Including: cash receipts from capital contributions from minority shareholders of subsidiaries		–	
Cash receipts from borrowings	**4,226,251,600.00**	172,075,978.28	2,356.04%
Other Cash receipts relating to financing activities	**898,822,190.00**	467,160,454.00	92.40%
Sub-total of cash inflows from financing activities	**5,125,073,790.00**	639,236,432.28	701.75%
Cash repayments of indebtedness	**744,382,000.00**	–	100.00%
Cash payments for distribution of dividends or profits and settlement of interests	**98,153,903.31**	766,647,783.24	-87.20%
Other cash payments relating to financing activities	**511,982,417.11**	394,810,407.08	29.68%
Sub-total of cash outflows from financing activities	**1,354,518,320.42**	1,161,458,190.32	16.62%
Net cash flow from financing activities	**3,770,555,469.58**	-522,221,758.04	-822.02%
IV. Effect of foreign exchange rate changes on cash and cash equivalents	**-16,422,554.67**	7,402,893.47	-321.84%
V. Net increase in cash and cash equivalents	**-1,895,012,223.06**	1,926,580,348.45	-198.36%
Add: Opening balance of cash and cash equivalents	**5,625,581,044.71**	1,804,583,230.33	211.74%
VI. Closing balance of cash and cash equivalents	**3,730,568,821.65**	3,731,163,578.78	-0.02%

MANAGEMENT DISCUSSION AND ANALYSIS

Summary

For the six months ended 30 June 2015, the net profit of the Group decreased from RMB993.3 million as at 30 June 2014 to RMB437.5 million, decreased by RMB555.8 million or 56.0%. For the six months ended 30 June 2015, net profit attributable to the owners of the parent company was RMB463.0 million, representing a decrease of RMB541.9 million or 53.9% from RMB1,004.9 million for the six months ended 30 June 2014, which was primarily due to: (1) the reduction in the price of the main products of the Company; (2) the increase in revenue of transfer after the equity transfer of the subsidiary in the same period last year. No such revenue incurred in the period.

The comparative analysis for the six months ended 30 June 2015 and the six months ended 30 June 2014 is as follows:

Operating Results

For the six months ended 30 June 2015, the Group recorded an operating revenue of RMB2,269.3 million, representing a decrease of RMB1,437.0 million or 38.8% from RMB3,706.3 million for the six months ended 30 June 2014. For the six months ended 30 June 2015, the gross profit of the Group was RMB940.3 million, representing a decrease of RMB431.9 million or 31.5% from RMB1,372.2 million for the same period last year.

The table below sets out the operating income, operating costs, gross profit and gross profit margin of our products in the first half of 2015 and the same period of 2014.

Product Name	First half of 2015 Operating revenue (RMB million)	Operating cost (RMB million)	Gross profit (RMB million)	Gross profit margin (%)	First half of 2014 Operating revenue (RMB million)	Operating cost (RMB million)	Gross profit (RMB million)	Gross profit margin (%)
Domestic market								
– Molybdenum and tungsten-related products	**1,265.6**	**723.8**	**541.8**	**42.8**	1,881.9	1,022.2	859.7	45.7
– Gold, silver and related products					268.1	297.8	-29.7	-11.1
– Electrolytic lead					214.7	269.9	-55.2	-25.7
– Copper-related products	**99.2**	**57.9**	**41.3**	**41.6**	394.0	203.2	190.8	48.4
– Others	**167.9**	**116.1**	**51.9**	**30.9**	221.7	183.1	38.6	17.4
Sub-total	**1,532.7**	**897.8**	**634.9**	**41.4**	2,980.4	1,976.2	1,004.2	33.7
International market								
–Molybdenum and tungsten-related products	**4.6**	**3.8**	**0.8**	**17.6**	39.9	20.3	19.6	49.1
– Copper-related products	**717.2**	**427.4**	**289.7**	**40.4**	672.1	337.6	334.5	49.8
– Others	**14.8**		**14.8**	**100.0**	13.9		13.9	100.0
Sub-total	**736.6**	**431.1**	**305.4**	**41.5**	725.9	357.9	368.0	50.7
Total	**2,269.3**	**1,329.0**	**940.3**	**41.4**	3,706.3	2,334.1	1,372.2	37.0

During the reporting period, due to various factors such as the decline in the prices of major products of the Company, decrease in sales volume of molybdenum products and sale of gold, silver and electrolytic lead business, operating income of the Company decreased by 38.8% as compared with the same period last year.

During the reporting period, the Company implemented various cost control measures through strengthening internal management so as to reduce production cost of products and partly offset the negative impact from the decline in prices of major products.

During the reporting period, gross profit of the Company was RMB940.3 million, representing a decrease by RMB431.9 million as compared with the same period last year. However, due to the sale of gold, silver and electrolytic lead business with lower gross profit margins and realization of the structural adjustment of the Company's products, the overall gross profit margin increased by 4.4 percentage points as compared with the same period last year.

BUSINESS TAXES AND LEVIES

For the six months ended 30 June 2015, the Group recorded business taxes and levies of RMB123.8 million, representing a decrease of RMB19.1 million or 13.4% from RMB142.9 million for the same period in 2014, mainly due to the decrease in the price of products and value-added tax.

SELLING EXPENSES

For the six months ended 30 June 2015, the selling expenses of the Group amounted to RMB43.4 million, representing a decrease of RMB8.9 million or 17.1% from RMB52.3 million for the same period in 2014. Such decrease was mainly attributable to a decrease in transportation expenses due to the decline in sales volume of molybdenum.

ADMINISTRATIVE EXPENSES

For the six months ended 30 June 2015, the administrative expenses of the Group were RMB152.8 million, representing a decrease of RMB21.3 million or 12.3% from RMB174.1 million for the same period in 2014. Such decrease was mainly attributable to the decrease in the scope of consolidation in 2015 due to the disposal of Luoyang Kunyu Mining Co., Ltd. in 2014.

For the six months ended 30 June 2015, the Group's administrative expenses included a technology development fee of RMB27.8 million. Main projects included: Research on Applications of the Ten-thousand-tone System for Comprehensive Recovery of Copper (萬噸系統銅綜合回收應用研究), Research on Applications of Dense Processing of Copper Comprehensive Recovery (銅綜合回收濃密工藝應用研究), Experimental Research on High Concentration Flotation Processing of Wolframine (白鎢精選高濃度浮選法試驗研究), Experimental Research on the Improvement of Recovery Rate of Tungsten in the Preliminary Processing (提高鎢粗選回收率試驗研究), Research on Applications of the Improvement of Tungsten Processing Recovery Rate in Winter(提高鎢選礦冬季回收率應用研究) and other technical research and development.

FINANCE EXPENSES

For the six months ended 30 June 2015, the finance expenses of the Group amounted to RMB161.2 million, representing an increase of RMB105.8 million or 190.9% from RMB55.4 million for the same period in 2014. Such increase was mainly attributable to interest expenses incurred from A-Share convertible corporate bonds amounting to RMB4.9 billion issued by the Company at the end of 2014.

INVESTMENT INCOME

For the six months ended 30 June 2015, the investment income of the Group was RMB101.8 million, representing a decrease of RMB272.9 million or 72.8% from RMB374.7 million for the same period in 2014, which was mainly attributable to the increase in equity transfer income after the disposal of equity interests in a subsidiary during the same period last year, and there is no such income for the period.

NON-OPERATING INCOME

For the six months ended 30 June 2015, the non-operating income of the Group amounted to RMB16.4 million, representing an increase of RMB4.1 million or 33.3% from RMB12.3 million for the same period last year. Such increase was mainly attributable to the increase in the financial capital used in model base in the period than the same period last year.

NON-OPERATING EXPENSES

For the six months ended 30 June 2015, the non-operating expenses of the Group amounted to RMB57.8 million, representing an increase of RMB3.6 million or 6.6% from RMB54.2 million for the same period in 2014. Such increase was mainly attributable to the increase of the external donation for the period as compared with the same period last year.

INCOME TAX EXPENSES

For the six months ended 30 June 2015, the income tax expenses of the Group amounted to RMB-46.0 million, representing a decrease of RMB277.3 million or 119.9% from RMB231.3 million for the same period last year. Such decrease was mainly attributable to the deferred tax assets recognised from the disposal of the estimated loss of Yongning Gold & Lead for the period.

NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY

For the six months ended 30 June 2015, the net profit of the Group attributable to owners of the parent company amounted to RMB463.0 million, representing a decrease of RMB541.9 million or 53.9% from RMB1,004.9 million for the six months ended 30 June 2014. Such decrease was mainly attributable to a decrease in the net profit for the six months ended 30 June 2015.

MINORITY INTERESTS

For the six months ended 30 June 2015, the minority interests of the Group was RMB-25.5 million, representing a decrease of RMB14.0 million or 121.2% from RMB-11.5 million for the same period last year, which was mainly attributable to the increase in loss assumed by minority shareholders during this period.

FINANCIAL POSITION

As at 30 June 2015, the total assets of the Group amounted to RMB32,472.3 million, comprising non-current assets of RMB15,696.4 million and current assets of RMB16,775.9 million. Equity attributable to shareholders of the parent company as of 30 June 2015 decreased by RMB423.2 million or 2.9% to RMB14,210.4 million from RMB14,633.6 million as of 31 December 2014. Such decrease was mainly due to the declaration of final dividend for the year 2014 during the period.

CURRENT ASSETS

As of 30 June 2015, the current assets of the Group increased by RMB2,011.0 million or 13.6% to RMB16,775.9 million from RMB14,764.9 million as of 31 December 2014. The increase in the current assets was mainly attributable to the purchase of open-ended funds and the increase in the entrusted wealth management of non-bank financial institutions.

NON-CURRENT ASSETS

As of 30 June 2015, the non-current assets of the Group amounted to RMB15,696.4 million, representing an increase of RMB2,406.4 million or 18.1% from RMB13,290.0 million as of 31 December 2014. The increase in the non-current assets was mainly attributable to the increase in the foreign equity investment by the Group and the asset management plan in the period.

CURRENT LIABILITIES

As of 30 June 2015, the current liabilities of the Group amounted to RMB11,628.6 million, representing an increase of RMB8,628.7 million or 287.6% from RMB2,999.9 million as of 31 December 2014. The increase in the current liabilities was mainly attributable to the increase in short-term financing and the declaration of final dividend for the year 2014.

NON-CURRENT LIABILITIES

As of 30 June 2015, the non-current liabilities of the Group amounted to RMB6,147.6 million, representing a decrease of RMB3,762.9 million or 38.0% from RMB9,910.5 million as of 31 December 2014. The decrease in the non-current liabilities was mainly due to the exercise of the early redemption right of A-Share convertible corporate bonds by the Company which resulted in the transfer of bonds payable to current liabilities.

CONTINGENT LIABILITIES

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 RMB134.0 million) as of 30 June 2015. The owners of the joint venture agreed with the enforcement of the guarantees arising from any obligations in relation to the business. As of 30 June 2015, no significant obligations for the guarantees occured.

The Company granted guarantee of RMB231 million in aggregate to the bank borrowings of RMB420 million from Fuchuan Mining, a subsidiary of Xuzhou Huanyu, the Company's joint venture, 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 dividend by total assets) of the Group increased to 54.7% as of 30 June 2015 from 46.0% as of 31 December 2014. The increase in the gearing ratio was mainly attributable to the increase in the short-term financing of the Company in the period and the declaration of final dividend for the year 2014.

CASH FLOW

As of 30 June 2015, the Group had cash and cash equivalents of RMB3,730.6 million, representing a decrease of RMB1,895.0 million or 33.7% from RMB5,625.6 million as of 31 December 2014.

For the six months ended 30 June 2015, net cash inflow generated from operating activities during the period was RMB1,249.3 million; net cash outflow generated from investment activities was RMB6,898.4 million; net cash inflow generated from financing activities was RMB3,770.6 million.

In 2015, the Group implemented strict internal management and cost saving measures, thus maintaining sound operation status and healthy financial position. As of 30 June 2015, the Company had sufficient capital which enabled it to operate in a virtuous cycle or to satisfy the liquidity requirement for coping with the variations in the production capacity.

EXPOSURE TO RISKS RELATED 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 and silver, all being the by-products. Therefore, the price fluctuations in gold and silver 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 and silver 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 RISKS RELATED TO RELIANCE ON 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 utilization of the retained reserves of the Company cannot be guaranteed and the production capacity of the Company might be affected.

EXPOSURE TO RISKS RELATED TO PRODUCTION SAFETY OR NATURAL DISASTERS

The Company and all of its subsidiaries invested substantial resources in 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, a 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 causalities. In addition, tailing storage and slag discharge fields may be damaged if serious natural disaster such as heavy rain or debris flow occurs.

EXPOSURE TO RISKS RELATED TO INTEREST RATES

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 from 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 RISKS RELATED TO EXCHANGE RATES

The principal domestic business operations of the Company are denominated in RMB and the currency used in the accounts is also RMB, the lawful currency of the PRC. The subsidiaries of the Company located in Australia principally adopt AUD or USD as the basis for price calculations and settlement. As at the end of the reporting period, there were still outstanding loans denominated in foreign currency and the exchange rate risks exposed are mainly associated with USD, HKD, AUD and EUR. However, the exposure of the Company to the risks arising from changes in the exchange rates is not high and the foreign currency transactions of the Group are mainly the financing activities which are denominated and settled in USD and EUR and the AUD denominated assets held by the subsidiaries in Australia whose functional currency is USD. Currently, the Company has no formal hedging policy in place to hedge against the Company's currency risks.

ANALYSIS OF MAJOR SUBSIDIARIES

(1) Major subsidiaries

① *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 30 June 2015, the total assets of this company amounted to RMB5,976.9786 million with net asset of RMB2,804.0976 million. Operating revenue of this company from January to June 2015 amounted to RMB831.1514 million with operating profit of RMB266.9916 million and net profit of RMB260.8573 million.

② *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:	East Wing of Yangyu Village, Xishandi Town, Luoning County, Luoyang City, Henan Province
Major businesses engaged:	Smelting of lead, sulphuric acid, recycling and sales of co-products like oxygen, etc., procurement and sale of mineral products, export of self-produced products of this company, import of raw and auxiliary materials, mechanical equipments, instruments and meters and components required by the production and research of this company, processing business in relation to the products of this company and property development.

As at 30 June 2015, Luomu Precious Metals holds 75% of the equity interest of this company. As of 30 June 2015, the total asset of this company amounted to RMB330,781,800 with net asset of RMB-339,382,400. Operating revenue of this company from January to June 2015 amounted to RMB16,241,000 with operating profit of RMB-21,935,200 and net profit of RMB-62,580,000.

As at the date of this report, the Company no longer had any shareholding relationship with Luomu Precious Metals and Yongning Gold & Lead.

(2) Newly-established subsidiaries

① In January 2015, Schmocker, a subsidiary of the Company, established Shanghai Ruichao Investment Co., Ltd. (上海睿朝投資有限公司) as its wholly-owned subsidiary in Shanghai with the registered capital of RMB250 million.

② In April 2015, Schmocker, a subsidiary of the Company, established Tibet Schmocker Investment Co., Ltd. (西藏施莫克投資有限公司) as its wholly-owned subsidiary in Tibet with the registered capital of RMB10 million.

③ In April 2015, China Molybdenum (Hong Kong) Company Limited, a subsidiary of the Company, established Upnorth Investment Limited as its wholly-owned subsidiary in the BVI with the registered capital of US$1.

EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES

(I) Exploration

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

Exploration is an important part of the development strategy of the Company and NPM. During the reporting period, NPM Copper Mine completed a total of 9,233 meters of exploration, including 1,807 meters of reverse circulation drilling and 7,426 meters of core drilling.

(II) Development

1. Sandaozhuang Mine

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

2. Shangfanggou Mine

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

3. Xinjiang Mine

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

4. *NPM Copper Mine*

During the reporting period, E48 Extension Project has been completed and put into production, with the accumulated construction cost of AUD41 million, which was within the budget, and the actual amount incurred was AUD1.5 million.

The construction of E26 two-stage sublevel caving mining (E26L2 SLC) project has commenced in April 2015, with the accumulated budget of AUD33.90 million and will be put into production in the fourth quarter of 2016. The actual amount of capital invested was AUD4 million during the reporting period. Upon completion, high grade ore with 2.8 million tonnes will be produced and an additional potential production capacity of 1.7 million tonnes remain available (the additional production is under feasibility research).

(III) Mining

	First half of 2015
Sandaozhuang Molybdenum Mine Production volume of open-pit mining *(kilotonnes)*	9,201.6
NPM Copper Mine Production volume of underground mining *(kilotonnes)*	2,941.82

Remarks:

1. The mining production volumes of Sandaozhuang Molybdenum Mine and NPM Copper Mine were calculated on the basis of the statistics prepared by the Company and had been confirmed by our own experts.

2. During the reporting period, no mining activities were conducted in Xinjiang Mine and Shangfanggou Mine.

EXPLORATION, DEVELOPMENT AND MINING FEES OF THE COMPANY

For the reporting period, the summary of the expenditure of exploration, development and mining activities of the Company is as follows:

(i) Exploration costs: the exploration fees for NPM Copper Mine amounted to US$1.98 million.

(ii) Development costs: the development costs of NPM Copper Mine amounted to US$11.66 million.

(iii) Mining costs: 1) the mining costs of Sandaozhuang Mine amounted to RMB205.34 million; and 2) the mining costs of NPM Copper Mine amounted to USD10.36 million. (Note: the above costs exclude the costs of ore processing)

By Order of the Board
Li Chaochun
Chairman

Luoyang City, Henan Province, the PRC, 28 August 2015

DIRECTORS AND SUPERVISORS

As of the date of this report, the Board of the Company consisted of the following 8 directors (the "**Directors**"), and the supervisory committee consisted of the following 3 supervisors (the "**Supervisors**"). Pursuant to the Articles of Association, our Directors and Supervisors have a term of three years and are subject to re-election.

Executive Directors	:	Li Chaochun, Li Faben
Non-Executive Directors	:	Ma Hui, Yuan Honglin, Cheng Yunlei
Independent Non-Executive Directors	:	Bai Yanchun, Xu Shan, Cheng Gordon.
Supervisors	:	Kou Youmin, Zhang Zhenhao, Wang Zhengyan

EMPLOYEES

As at 30 June 2015, the Group had approximately 7,186 full-time employees, classified by function and department as follows:

Department	Employees	Proportion
Management & administration	662	9.2%
Quality control, research and development	1,177	16.4%
Production	4,716	65.6%
Finance, sales and other support	631	8.8%
Total	7,186	100%

The remuneration policy for the employees of the Company principally consists of a salary point and performance remuneration system, based on employees' positions and responsibilities and their quantified assessment results. The remuneration evaluation of the employees is based on the Company's results and the employees' performance, which provides a consistent, fair and impartial remuneration system for all the employees. The domestic companies of Group have participated in the social insurance contribution plans introduced by the provincial local governments in the PRC. In compliance with the laws and regulations regarding to the national and local labor and social welfare in the PRC, the Group is required to pay on behalf of its employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and housing reserve fund. Pursuant to the current applicable PRC local regulations, the percentage of certain insurance policies are as follows: the pension insurance, medical insurance, unemployment insurance and the contribution to housing reserve fund of our PRC employees represent 20%, 6%, 3% and 5% to 12% of his or her total basic monthly salary respectively. Employees in Australia are enrolled under the requisite pension fund and healthcare scheme as required by Australian law.

SHARE CAPITAL

	As at 30 June 2015	
	Number of shares	**Amount** *RMB*
A Shares at a nominal value of RMB0.20 per share	3,833,571,717	766,714,343.4
H Shares at a nominal value of RMB0.20 per share	1,311,156,000	262,231,200
Total	5,144,727,717	1,028,945,543.4

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES AND SHORT POSITIONS IN SHARES

To the best knowledge of all the Directors and Supervisors, as at 30 June 2015, 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 Securities and Futures Ordinance ("**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 are as follows:

Name	Number of shares held	Capacity	Class of Share	Approximate percentage of shareholding in
LMG	1,776,593,475	Beneficial owner	A Share	46.34%
Guohong Group	1,776,593,475	Interest in a controlled corporation	A Share	46.34%
CFC	1,676,740,000	Beneficial owner	A Share	43.74%
	101,000,000(L)	Interest in a controlled corporation	H Share	7.70%
Cathay Hong Kong (1)	101,000,000(L)	Beneficial owner	H Share	7.70%
Yu Yong (2)	1,676,740,000	Interest in a controlled corporation	A Share	43.74%
	101,000,000(L)	Interest in a controlled corporation	H Share	7.70%

Notes: (L) – Long position

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

(2) Mr. Yu Yong held 99% interest in CFC.

Save as disclosed above, during the reporting period, the Directors and Supervisors were not aware of any other person (other than Directors, chief executives or Supervisors 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.

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

During the reporting period, none of the Directors, chief executives and Supervisors and their respective associates had interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO, which required the Company and the Stock Exchange to be notified pursuant to Part XV of the SFO or which were required to be entered into the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Hong Kong Listing Rules.

DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

During the six months ended 30 June 2015, no rights to acquire benefits by means of the acquisition of shares or debentures of the Company were granted to any Directors, chief executives, Supervisors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries a party to any arrangement which enabled the Directors, chief executives or Supervisors of the Company to acquire such rights in any other body corporate.

DIVIDENDS

Upon consideration and approval at the second meeting of the fourth session of the Board on 28 August 2015, the audited capital reserve of the Company as of 30 June 2015 amounted to RMB9,956,670,829.38. Based on the total share capital of the Company of 5,629,066,233 shares as of 31 July 2015, the Company proposes to capitalize the capital reserve on the basis of 20 bonus shares for every 10 shares held to all shareholders, with the proposed increased share capital of 11,258,132,466 shares and the total share capital of 16,887,198,699 shares upon completion.

The proposal is subject to the approval at the next extraordinary general meeting.

A circular containing, among others, details of the proposed bonus issue and the extraordinary general meeting will be despatched to shareholders by the Company as soon as practicable.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company for the six months ended 30 June 2015.

CORPORATE GOVERNANCE

The Group has strived to uphold high standard of corporate governance to safeguard the interests of shareholders, enhance corporate value and implement the accountability of the Group. During the six months ended 30 June 2015, save as disclosed below, in the opinion of the Board, the Company has complied with the code provisions (the "**Code Provisions**") of the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules.

In view of the recent amendments to the Corporate Governance Code effective for the accounting period beginning on 1 January 2016, the Company has adopted a revised terms of reference of the Audit Committee on 28 August 2015 in order to comply with certain changes relating to the risk management and internal control section 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). Mr. Xu Shan, the chairman of the Audit Committee of the third session of the Board, Mr. Zhang Yufeng (resigned on 26 June 2015) and Mr. Cheng Gordon, the members of the Audit Committee of the third session of the Board were unable to attend the annual general meeting of the Company held on 26 June 2015 due to other business commitments. The attendance of the chairmen of the Remuneration Committee, Nomination Committee, Strategic Committee and supervisory committee of the third session of the Board at such annual general meeting 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 has optimized 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 at annual general meetings such that all Directors will be able to attend future annual general meetings of the Company.

BOARD OF DIRECTORS

The Board of the Company consists of 8 Directors, including 2 executive Directors, 3 non-executive Directors and 3 independent non-executive Directors. For the six months ended 30 June 2015, the Board convened a total of nine meetings (with an attendance rate of 99%).

SUPERVISORY COMMITTEE

The Company has a supervisory committee comprising 3 Supervisors to exercise supervision over the Board and its members as well as members of the senior management; and to prevent them from abusing their powers and authorities and jeopardizing the legal interests of the shareholders, the Company and its employees. The supervisory committee convened a total of five meetings for the six months ended 30 June 2015 (with an attendance rate of 100%).

SECURITIES TRANSACTIONS MADE BY DIRECTORS AND EMPLOYEES

The Company has adopted the Model Code as set out in Appendix 10 of the Hong Kong Listing Rules for Securities Transactions of the Company by Directors. 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 six months ended 30 June 2015. 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.

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

Directors' Positions Held in Board / Board Committees

With effect from 26 June 2015: –

- Mr. Wang Qinxi, Ms. Gu Meifeng and Mr. Wu Wenjun retired as executive Directors of the Company;
- Mr. Zhang Yufeng retired as a non-executive Director of the Company;
- Mr. Xu Xu retired as an independent non-executive Director of the Company; and
- Mr. Ma Hui and Mr. Cheng Yunlei were elected as non-executive Directors of the Company.

With effect from 27 June 2015: –

- Mr. Ma Hui, a non-executive Director, was appointed as the vice chairman of the Company;
- Mr. Yuan Honglin, a non-executive Director, was appointed as a member of the Audit Committee and the Strategic Committee of the Company; and
- Mr. Cheng Gordon, an independent non-executive Director, was appointed as a member of the Remuneration Committee of the Company.

Supervisors' Positions Held

With effect from 26 June 2015: –

- Mr. Yin Dongfang retired as a Supervisor of the Company; and
- Ms. Kou Youmin was elected as a Supervisor of the Company.

With effect from 27 June 2015:–

- Ms. Kou Youmin was elected as the chairman of the supervisory committee.

Save as disclosed above, as at 30 June 2015, no other changes to the information of the Directors and Supervisors were required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules.

AUDIT COMMITTEE REVIEW

The Terms of Reference and Operation Rules of the Audit Committee mainly based on "A Guide for Effective Audit Committees" issued by the Hong Kong Institute of Certified Public Accountants have been adopted by the Board. The Audit Committee provides an important connection between the Board and the Company's auditors in matters falling within the scope of the audit of the Company. The Audit Committee will review the effectiveness of the external audit and of internal controls, evaluate risks and provide advice and guidance to the Board. The current Audit Committee comprises two independent non-executive Directors and one non-executive Director, namely, Mr. Xu Shan (chairman of the committee), Mr. Cheng Gordon and Mr. Yuan Honglin. The Audit Committee has reviewed the audited financial statements of the Company for the six months ended 30 June 2015 and considered that the statements complied with relevant accounting standards and that the Company has made adequate disclosures.

NON-COMPETE 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 the Company in businesses and granted the Company certain options and rights of first refusal pursuant to the non-compete agreements. Details of the non-compete agreements have already been disclosed under the section headed "Relationship with Controlling Shareholders – Non-Compete Agreements" in the prospectus on 13 April 2007.

CFC and LMG issued Non-competition Undertaking Letters (《避免同業競爭承諾函》) to the Company on 30 January 2011 and 18 May 2011 respectively, and undertook not to compete in the businesses that the Company operates or further develops. Details of the Non-competition Undertaking Letters had been disclosed under Section VII headed "Peer Competition and Connected Transactions" in the prospectus of A Shares dated 8 October 2012.

CFC (together with its party acting in concert, Cathay Hong Kong) and Guohong Group issued 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 the Company operated. Details of the Acquisition Reports were disclosed in the announcements of the Company dated 23 January 2014 and 27 January 2014.

AUDIT REPORT

De Shi Bao (Shen) Zi (15) No. S0242

To the Shareholders China Molybdenum Co., Ltd.,

We have audited the accompanying financial statements of China Molybdenum Co., Ltd. ("**China Molybdenum**"), which comprise the company's and consolidated balance sheets as at 30 June 2015, and the company's and consolidated income statements, the company's and consolidated statements of changes in shareholders' equity and the company's and consolidated cash flow statements for the six months period then ended, and the notes to the financial statements.

1. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management of China Molybdenum is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing the financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation of the financial statements; (2) designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

2. AUDITOR'S RESPONSIBILITY

Our responsibility is to express an audit opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. China Standards on Auditing require that we comply with the Code of Ethics for Chinese Certified Public Accountants and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

3. OPINION

In our opinion, the financial statements of China Molybdenum present fairly, in all material respects, the company's and consolidated financial position as of 30 June 2015, and the company's and consolidated results of operations and cash flows for the six months period then ended in accordance with Accounting Standards for Business Enterprises.

Deloitte Touche Tohmatsu Certified Public Accountants LLP

Chinese Certified Public Accountant:

Shanghai, China

Chinese Certified Public Accountant:

28 August 2015

CONSOLIDATED BALANCE SHEET

For the period from 1 January 2015 to 30 June 2015

RMB

Item	Note	Closing Balance	Opening Balance
Current assets:			
Bank and cash balance	(V) 1	**8,171,068,821.65**	9,325,581,044.71
Financial assets at fair value through profit or loss	(V) 2	**2,031,637,274.12**	–
Notes receivable	(V) 3	**583,766,492.72**	1,158,139,987.39
Accounts receivable	(V) 4	**1,026,153,212.85**	851,358,849.42
Prepayments	(V) 5	**196,381,276.79**	272,450,320.91
Interest receivable		**126,485,912.06**	55,295,452.15
Dividends receivable	(V) 6	**61,226,476.23**	61,226,476.23
Other receivables	(V) 7	**39,129,641.52**	48,949,578.33
Assets classified as held for sale	(V) 8	**173,950,544.55**	–
Inventories	(V) 9	**648,865,124.07**	432,754,646.84
Other current assets	(V) 10	**3,717,241,198.57**	2,559,100,452.85
Total current assets		**16,775,905,975.13**	14,764,856,808.83
Non-current assets:			
Available-for-sale financial assets	(V) 11	**2,355,532,217.87**	4,928.00
Long-term equity investments	(V) 12	**1,436,711,024.44**	1,484,565,921.78
Fixed assets	(V) 13	**4,502,822,520.48**	4,983,502,274.40
Construction in progress	(V) 14	**298,755,199.13**	372,524,643.53
Inventories	(V) 9	**287,898,154.53**	307,737,812.71
Intangible assets	(V) 15	**3,788,854,216.22**	3,915,838,078.45
Long-term deferred expenses	(V) 16	**111,191,744.41**	115,221,782.30
Deferred tax assets	(V) 17	**459,603,520.12**	307,825,177.99
Other non-current assets	(V) 18	**2,455,027,543.61**	1,802,798,943.92
Total non-current assets		**15,696,396,140.81**	13,290,019,563.08
Total assets		**32,472,302,115.94**	28,054,876,371.91

RMB

Item	*Note*	Closing Balance	Opening Balance
Current liabilities:			
Short-term borrowings	(V) 19	**4,031,983,600.00**	305,950,000.00
Financial liabilities at fair value through profit or loss	(V) 20	**1,422,624,900.00**	998,690,650.00
Notes payable	(V) 21	**545,520,000.00**	156,900,000.00
Accounts payable	(V) 22	**272,866,585.57**	192,793,812.46
Receipts in advance	(V) 23	**41,401,224.66**	76,780,913.29
Employee benefits payable	(V) 24	**101,674,494.62**	137,777,636.28
Taxes payables	(V) 25	**(44,407,237.73)**	207,789,199.47
Interest payable	(V) 26	**105,665,674.84**	47,062,873.80
Dividends payable	(V) 27	**1,041,117,718.61**	27,885,796.67
Other payables	(V) 28	**224,206,307.24**	253,313,764.07
Liabilities classified as held for sale	(V) 8	**38,625,140.14**	–
Non-current liabilities due within one year	(V) 29	**3,801,020,538.78**	578,277,474.64
Other current liabilities	(V) 30	**46,296,554.36**	16,651,701.67
Total current liabilities		**11,628,595,501.09**	2,999,873,822.35
Non-current liabilities:			
Long-term borrowings	(V) 31	**3,870,678,612.77**	4,160,920,000.00
Bonds payables	(V) 32	**2,000,000,000.00**	5,438,722,886.26
Provisions	(V) 33	**241,603,910.69**	280,949,808.78
Other non-current liabilities	(V) 34	**35,314,932.29**	29,876,208.25
Total non-current liabilities		**6,147,597,455.75**	9,910,468,903.29
Total liabilities		**17,776,192,956.84**	12,910,342,725.64

RMB

Item	Note	Closing Balance	Opening Balance
Shareholder's equity:			
Share capital	(V) 35	**1,028,945,543.40**	1,015,234,105.00
Capital reserve	(V) 36	**9,956,670,829.38**	9,529,866,110.21
Other comprehensive income	(V) 37	**(463,593,590.13)**	(208,549,984.41)
Special reserve	(V) 38	**213,476,676.75**	271,924,909.24
Surplus reserve	(V) 39	**704,898,171.11**	704,898,171.11
Retained profit	(V) 40	**2,769,993,117.36**	3,320,200,571.47
Total shareholders' equity attributable to parent company		**14,210,390,747.87**	14,633,573,882.62
Minority interests		**485,718,411.23**	510,959,763.65
Total of shareholders' equity		**14,696,109,159.10**	15,144,533,646.27
Total liabilities and shareholders' equity		**32,472,302,115.94**	28,054,876,371.91

Notes are an integral part of the financial statements.

The Financial Statement is signed by the following persons-in-charge:

Legal representative: *Person in charge of accounting:* *Person in charge of accounting department:*

BALANCE SHEET OF THE COMPANY

For the period from 1 January 2015 to 30 June 2015

RMB

Item	Note	Closing Balance	Opening Balance
Current assets:			
Bank and cash balance		**6,788,609,559.08**	8,766,902,280.21
Financial assets at fair value through profit or loss		**2,031,637,274.12**	–
Notes receivable		**1,858,438,780.85**	950,664,698.73
Accounts receivable	(XIII) 1	**328,368,694.22**	233,071,005.64
Prepayments		**17,761,189.90**	36,974,216.30
Interest receivable		**137,159,649.23**	55,295,452.05
Dividends receivable		**105,232,560.31**	105,232,560.31
Other receivables	(XIII) 2	**2,611,340,435.59**	1,454,722,161.09
Inventories		**153,206,628.53**	112,884,022.50
Other current assets		**3,613,172,194.48**	2,553,775,793.88
Total current assets		**17,644,926,966.31**	14,269,522,190.71
Non-current assets:			
Available-for-sale financial assets		**750,004,928.00**	4,928.00
Long-term equity investments	(XIII) 3	**4,721,707,935.52**	4,408,443,173.36
Fixed assets		**1,496,576,250.62**	1,546,205,153.86
Construction in progress		**76,449,374.91**	77,474,534.99
Intangible assets		**502,002,002.92**	523,558,406.20
Long-term deferred expenses		**107,481,644.78**	112,202,119.15
Deferred tax assets		**112,330,372.95**	117,806,711.58
Other non-current assets		**2,054,946,000.51**	1,717,165,520.29
Total non-current assets		**9,821,498,510.21**	8,502,860,547.43
Total assets		**27,466,425,476.52**	22,772,382,738.14

RMB

Item	*Note*	Closing Balance	Opening Balance
Current liabilities:			
Short-term borrowings		**3,787,439,600.00**	305,950,000.00
Financial liabilities at fair value through profit or loss		**1,422,624,900.00**	998,690,650.00
Notes payable		**300,500,000.00**	–
Accounts payable		**109,743,336.37**	102,002,561.58
Receipts in advance		**1,611,765.85**	1,646,515.85
Employee benefits payable		**44,305,494.76**	70,706,194.54
Taxes payables		**(2,300,601.50)**	25,431,076.58
Dividends payable		**1,013,231,921.94**	
Interest payable		**104,361,891.83**	54,764,485.86
Other payables		**1,382,635,295.22**	1,456,184,591.15
Non-current liabilities due within one year		**3,143,367,867.18**	11,947,932.96
Other current liabilities		**80,788,956.03**	76,799,059.54
Total current liabilities		**11,388,310,427.68**	3,104,123,068.06
Bonds payables		**2,000,000,000.00**	5,438,722,886.26
Provisions		**47,570,371.67**	47,570,371.67
Other non-current liabilities		**18,937,546.40**	19,210,865.20
Total non-current liabilities		**2,066,507,918.07**	5,505,504,123.13
Total Liabilities		**13,454,818,345.75**	8,609,627,191.19
Share capital		**1,028,945,543.40**	1,015,234,105.00
Capital reserve		**9,956,670,829.38**	9,529,866,110.21
Special reserve		**213,177,691.57**	271,924,909.24
Surplus reserve		**704,898,171.11**	704,898,171.11
Retained profit		**2,107,914,895.31**	2,640,832,251.39
Total of shareholders' equity		**14,011,607,130.77**	14,162,755,546.95
Total liabilities and owners' (or shareholders') equity		**27,466,425,476.52**	22,772,382,738.14

CONSOLIDATED INCOME STATEMENT

For the period from 1 January 2015 to 30 June 2015

RMB

Item	Note	Amount of Current Period	Amount of Prior Period (Unaudited)
I. Total operating income	(V) 41	**2,269,257,230.22**	3,706,264,957.22
Including: Operating income		**2,269,257,230.22**	3,706,264,957.22
Less: Operating costs	(V) 41	**1,328,954,741.17**	2,334,096,371.48
Business taxes and levies	(V) 42	**123,800,311.87**	142,897,916.56
Selling expenses	(V) 43	**43,385,266.51**	52,324,024.40
Administrative expenses	(V) 44	**152,765,412.13**	174,097,056.67
Financial expenses	(V) 45	**161,247,938.92**	55,375,977.78
Impairment loss of assets	(V) 46	**167,418,449.46**	60,241,986.39
Add: Gains (losses) from changes in fair value (total losses are indicated by "-")	(V) 47	**39,243,074.12**	4,678,325.00
Investment income (total losses are indicated by "-")	(V) 48	**101,845,462.24**	374,707,615.99
Including: Income from investments in associates and joint ventures		**24,645,102.66**	53,467,708.20
II. Operating profit (total losses are indicated by "-")		**432,773,646.52**	1,266,617,564.93
Add: Non-operating income	(V) 49	**16,446,283.45**	12,259,276.04
Including: Gains from disposal of non-current assets		**365,515.38**	160,882.21
Less: Non-operating expenses	(V) 50	**57,766,138.50**	54,189,957.15
Including: Losses from disposal of non-current assets		**38,880,761.70**	49,068,268.76
III. Total profit (total losses are indicated by "-")		**391,453,791.47**	1,224,686,883.82
Less: Income tax expenses	(V) 51	**(46,042,063.66)**	231,344,517.70
IV. Net profit (total losses are indicated by "-")		**437,495,855.13**	993,342,366.12
Net profit attributable to owners of the parent company		**463,024,467.83**	1,004,883,580.25
Profit or loss attibutable to Minority interest		**(25,528,612.70)**	(11,541,214.13)
V. Other comprehensive income (net of tax)	(V) 37	**(255,043,605.72)**	119,122,660.59
Other comprehensive income (net of tax) attributable to owners of the parent company			
(I) Other comprehensive income that will not reclassified subsequently into the profit or loss		**–**	–
(II) Other comprehensive income that will be reclassified subsequently into the profit or loss		**(255,043,605.72)**	119,122,660.59
1. Translation differences arising on translation of financial statements denominated in foreign currencies		**(132,700,442.17)**	119,122,660.59
2. Fair value gain (loss) on available-for-sale financial assets		**(122,343,163.55)**	–
Other comprehensive income (net of tax) attributable to the minority interests			–
VI. Total comprehensive income		**182,452,249.41**	1,112,465,026.71
attributable to:			
Owners of the parent Company		**207,980,862.11**	1,124,006,240.84
Minority interests		**(25,528,612.70)**	(11,541,214.13)
VII. Earnings per share	(V) 52		
(I) Basic earnings per share		**0.09**	0.20
(II) Diluted earnings per share		**0.09**	N/A

THE COMPANY'S INCOME STATEMENT

For the period from 1 January 2015 to 30 June 2015

RMB

Item	Note	Amount of Current Period	Amount of Prior Period (Unaudited)
I. Operating income	(XIII) 4	**1,148,672,613.97**	1,499,069,983.29
Less: Operating cost	(XIII) 4	**523,731,714.02**	659,885,415.43
Business taxes and levies		**119,891,911.24**	131,571,677.13
Selling expenses		**6,353.53**	279,212.93
Administrative expenses		**88,072,605.42**	95,576,103.98
Financial expenses		**18,790,188.95**	(30,938,038.80)
Impairment loss of assets		**94,354,057.51**	1,731,941.65
Add: Gains (losses) from changes in fair values (total losses are indicated by "-")		**39,243,074.12**	–
Investment income (total losses are indicated by "-")	(XIII) 5	**211,389,149.42**	600,323,881.86
Including: income from investments in associates and join ventures		**30,364,762.16**	58,263,072.17
II. Operating profit (total losses are indicated by "-")		**554,458,006.84**	1,241,287,552.83
Add: Non-operating income		**16,211,367.89**	11,110,644.77
Less: Non-operating expense		**16,493,884.67**	4,664,553.31
Including: Losses from disposal of non-current assets		**5,689.60**	–
III. Total profit (total losses are indicated by "-")		**554,175,490.06**	1,247,733,644.29
Less: Income tax expenses		**73,860,924.20**	190,664,492.62
IV. Net profit (total losses are indicated by "-")		**480,314,565.86**	1,057,069,151.67
V. Other comprehensive income		**–**	–
VI. Total comprehensive income		**480,314,565.86**	1,057,069,151.67

CONSOLIDATED CASH FLOW STATEMENT

For the period from 1 January 2015 to 30 June 2015

RMB

Item	*Note V*	**Amount of Current Period**	Amount of Prior Period (Unaudited)
I. Cash flow from operating activities:			
Cash receipts from sales of goods and rendering of services		**2,864,466,931.85**	3,519,309,028.99
Receipts of tax refund		**–**	–
Other cash receipts relating to operating activities	53(1)	**183,832,536.93**	89,346,353.54
Subtotal of cash inflows from operating activities		**3,048,299,468.78**	3,608,655,382.53
Cash payments for goods purchased and services received		**776,087,026.95**	1,357,712,001.56
Cash payments to and behalf of employees		**352,196,714.92**	364,227,025.02
Payments of various types of taxes		**624,253,839.98**	571,201,389.61
Other cash payments relating to operating activities	53(2)	**46,465,927.03**	71,484,394.43
Subtotal of cash outflows from operating activities		**1,799,003,508.88**	2,364,624,810.62
Net cash flow from operating activities		**1,249,295,959.90**	1,244,030,571.91
II. Cash flow from investing activities:			
Cash receipts from disposal or withdrawal of investments		**3,640,000,000.00**	1,154,184,735.00
Cash receipts from investment income		**122,891,000.41**	172,000,056.90
Net cash receipts from the disposal of fixed attests, intangible attests, and other long-term assets		**3,561,335.18**	5,688,681.45
Net cash receipts from acquisition or disposal of subsidiaries and other business units		**–**	398,415,393.06
Other cash receipts relating to investing activities	53(3)	**–**	171,000,000.00
Subtotal of cash inflows from investing activities		**3,766,452,335.59**	1,901,288,866.41
Cash payments for acquisitions or disposal units of subsidiaries and other business		**180,761.10**	–
Net cash payments to acquire or construction of fixed assets, intangible assets, and other long-term assets		**231,596,371.44**	203,893,384.14
Cash payments for investment		**10,433,116,300.92**	500,000,000.00
Other cash payments relating to investing activities	53(4)	**–**	26,841.16
Subtotal of cash outflows to from investing activities		**10,664,893,433.46**	703,920,225.30
Net cash flow from investing activities		**(6,898,441,097.87)**	1,197,368,641.11

RMB

Item	*Note V*	**Amount of Current Period**	Amount of Prior Period (Unaudited)
III. Cash flows from financing activities:			
Cash receipts from capital contributions			–
Including: Cash receipts from capital contribution by absorbing investments of minority by subsidiaries			–
Cash receipts from borrowings		**4,226,251,600.00**	172,075,978.28
Other cash receipts relating to financing activities	53(5)	**898,822,190.00**	467,160,454.00
Subtotal of cash inflows from financing activities		**5,125,073,790.00**	639,236,432.28
Cash repayments of borrowings		**744,382,000.00**	–
Cash payments for distribution of dividends or profits or payment of interest expenses		**98,153,903.31**	766,647,783.24
Other cash payments relating to financing activities	53(6)	**511,982,417.11**	394,810,407.08
Subtotal of cash outflows from financing activities		**1,354,518,320.42**	1,161,458,190.32
Net cash flow from financing activities		**3,770,555,469.58**	(522,221,758.04)
IV. Effect of exchange rate changes on cash and cash equivalents		**(16,422,554.67)**	7,402,893.47
V. Net increase in cash and cash equivalents		**(1,895,012,223.06)**	1,926,580,348.45
Add: Opening balance of cash and cash equivalents	54(2)	**5,625,581,044.71**	1,804,583,230.33
VI. Closing balance of cash and cash equivalents	54(2)	**3,730,568,821.65**	3,731,163,578.78

CASH FLOW STATEMENT OF PARENT COMPANY

For the period from 1 January 2015 to 30 June 2015

RMB

Item	Amount of Current Period	Amount of Prior Period (Unaudited)
I. Cash flow from operating activities:		
Cash receipts from sales of goods or the rendering of services	**1,739,856,255.70**	1,588,128,544.51
Receipts of tax refunds	**–**	–
Other cash receipts related to operating activities	**126,529,441.86**	233,594,981.66
Subtotal of cash inflows from operating activities	**1,866,385,697.56**	1,821,723,526.17
Cash payments for goods purchased and services received	**271,689,882.33**	210,566,527.08
Cash payments to and on behalf of employees	**190,272,330.66**	175,428,180.76
Payments of various type of taxes	**356,653,588.28**	501,773,028.90
Other cash payments relating to operating activities	**32,190,340.18**	184,611,573.76
Subtotal of cash outflows from operating activities	**850,806,141.45**	1,072,379,310.50
Net cash flow from operating activities	**1,015,579,556.11**	749,344,215.67
II. Cash flow in investing activities:		
Net cash receipts from acquisitions or disposal of subsidiaries and other business units	**–**	453,157,974.57
Cash receipts from disposals or withdrawal of investments	**3,640,000,000.00**	1,150,000,000.00
Cash receipts from investment income	**230,784,032.28**	173,882,166.67
Net cash receipts from the disposal of fixed attests, intangible attests, and other long-term assets	**2,683,919.56**	5,241,355.20
Other cash receipts relating to investing activities	**3,169,256,197.02**	171,000,000.00
Subtotal of cash inflows from investing activities	**7,042,724,148.79**	1,953,281,496.44
Cash payments from the acquire or construct fixed assets, intangible assets, and other long-term assets	**54,030,665.82**	28,596,261.64
Cash payments from acquire investments	**8,785,399,000.00**	500,100,000.00
Other cash payments relating to investing activities	**5,660,384,821.17**	–
Subtotal of cash outflows from investing activities	**14,499,814,486.99**	528,696,261.64
Net cash flow from investing activities	**(7,457,090,338.20)**	1,424,585,234.80

RMB

Item	Amount of Current Period	Amount of Prior Period (Unaudited)
III. Cash flows from financing activities:		
Cash receipts from capital contributions	**–**	–
Cash receipts from borrowings	**3,981,759,600.00**	152,075,978.28
Other cash receipts relating to financing activities	**2,115,306,671.47**	467,160,454.00
Subtotal of cash inflows from financing activities	**6,097,066,271.47**	619,236,432.28
Cash repayment of borrowings	**500,000,000.00**	356,963,220.00
Cash payments for distribution of dividends or profits or payment of interest expenses	**49,661,218.83**	693,044,154.69
Other cash payments relating to financing activities	**1,804,093,295.18**	37,847,187.08
Subtotal of cash outflows from financing activities	**2,353,754,514.01**	1,087,854,561.77
Net cash flow from financing activities	**3,743,311,757.46**	(468,618,129.49)
IV. Effect of exchange rate changes on cash and cash equivalents	**(20,593,696.50)**	191,489.05
V. Net increase in cash and cash equivalents	**(2,718,792,721.13)**	1,705,502,810.03
Add: Opening balance of cash and cash equivalents	**5,066,902,280.21**	1,243,720,932.85
VI. Closing balance of cash and cash equivalents	**2,348,109,559.08**	2,949,223,742.88

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period from 1 January 2015 to 30 June 2015

RMB

Item	For the period from 1 January to 30 June 2015 Owners' Equity Attributable to Parent Company Share Capital	Capital Reserve	Other Comprehensive Income	Special Reserve	Surplus Reserve	Retained profits	Minority Interests	Total Owners' Equity
I. Opening balance for the period	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
II. Changes for the period	–	–	–	–	–	–	–	–
(I) Total comprehensive income	–	–	(255,043,605.72)	–	–	463,024,467.83	(25,528,612.70)	182,452,249.41
(II) Shareholders' contributions and reduction in capital	–	–	–	–	–	–	–	–
1. Capital contributions from shareholders *(Note (V) 36)*	13,711,438.40	426,804,719.17	–	–	–	–	–	440,516,157.57
2. Decrease in disposals of subsidiaries	–	–	–	–	–	–	–	–
3. Others	–	–	–	–	–	–	–	–
(III) Profit distribution	–	–	–	–	–	–	–	–
1. Transfrer to surplus reserve	–	–	–	–	–	–	–	–
2. Distribution to shareholders *(Note (V) 40)*	–	–	–	–	–	(1,013,231,921.94)	–	(1,013,231,921.94)
(IV) Special reserve	–	–	–	–	–	–	–	–
1. Provision of special reserve in the period	–	–	–	124,350,237.86	–	–	843,219.51	125,193,457.37
2. Amount utilised in the period	–	–	–	(182,798,470.35)	–	–	(555,959.23)	(183,354,429.58)
III. Closing balance for the period	1,028,945,543.40	9,956,670,829.38	(463,593,590.13)	213,476,676.75	704,898,171.11	2,769,993,117.36	485,718,411.23	14,696,109,159.10

Item	Share Capital	Capital Reserve	Other Comprehensive Income	Special Reserve	Surplus Reserve	Retained profits	Minority Interests	Total Owners' Equity
	For the period from 1 January to 30 June 2014 (Unaudited)							
	Owners' Equity Attributable to Parent Company							
I. Opening balance for the period	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. Changes for the period	–	–	–	–	–	–	–	–
(I) Total comprehensive income	–	–	119,122,660.59	–	–	1,004,883,580.25	(11,541,214.13)	1,112,465,026.71
(II) Shareholders' contributions and reduction in capital	–	–	–	–	–	–	–	–
1. Capital contribution from shareholders	–	–	–	–	–	–	–	–
2. Decrease in disposals of subsidiaries	–	–	–	–	–	–	(179,313,086.56)	(179,313,086.56)
3. Others	–	–	–	–	–	–	–	–
(III) Profit distribution	–	–	–	–	–	–	–	–
1. Transfer to surplus reserve	–	–	–	–	–	–	–	–
2. Distributions to shareholders	–	–	–	–	–	(710,663,873.50)	–	(710,663,873.50)
(IV) Special reserve	–	–	–	–	–	–	–	–
1. Provision of special reserve in the period	–	–	–	180,461,403.20	–	–	1,429,434.39	181,890,837.59
2. Amount utilised in the period	–	–	–	(134,111,350.91)	–	–	(1,152,889.81)	(135,264,240.72)
III. Closing balance for the period	1,015,234,105.00	8,102,977,121.92	68,093,539.90	245,936,145.62	704,898,171.11	2,500,828,864.75	523,799,021.97	13,161,766,970.27

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF PARENT COMPANY

For the period from 1 January 2015 to 30 June 2015

RMB

Item	For the period from 1 January to 30 June 2015 Share Capital	Capital Reserve	Special Reserve	Surplus Reserve	Retained Profits	Total Owners' Equity
I. Opening balance for the period	**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**
II. Changes for the period	–	–	–	–	–	–
(I) Total comprehensive income	–	–	–	–	**480,314,565.86**	**480,314,565.86**
(II) Shareholders' contributions and reduction in capital	–	–	–	–	–	–
1. Capital contribution from shareholders	**13,711,438.40**	**426,804,719.17**	–	–	–	**440,516,157.57**
2. Others	–	–	–	–	–	–
(III) Profit distribution	–	–	–	–	–	–
1. Transfer to surplus reserve	–	–	–	–	–	–
2. Distributions to shareholders	–	–	–	–	**(1,013,231,921.94)**	**(1,013,231,921.94)**
(IV) Special reserve	–	–	–	–	–	–
1. Provision of special reserve in the period	–	–	**121,632,106.14**	–	–	**121,632,106.14**
2. Amount utilised in the period	–	–	**(180,379,323.81)**	–	–	**(180,379,323.81)**
III. Closing balance for the period	**1,028,945,543.40**	**9,956,670,829.38**	**213,177,691.57**	**704,898,171.11**	**2,107,914,895.31**	**14,011,607,130.77**

Item	For the period from 1 January to 30 June 2014 (Unaudited) Share Capital	Capital Reserve	Special Reserve	Surplus Reserve	Retained Profits	Total Owners' Equity
I. Opening balance for the period	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. Changes for the period	–	–	–	–	–	–
(I) Total comprehensive income	–	–	–	–	1,057,069,151.67	1,057,069,151.67
(II) Shareholders' contributions and reduction in capital	–	–	–	–	–	–
1. Capital contribution from shareholders	–	–	–	–	–	–
2. Others	–	–	–	–	–	–
(III) Profit distribution	–	–	–	–	–	–
1. Transfer to surplus reserve	–	–	–	–	–	–
2. Distributions to shareholders	–	–	–	–	(710,663,873.50)	(710,663,873.50)
(IV) Special reserve	–	–	–	–	–	–
1. Provision of special reserve in the period	–	–	173,793,761.65	–	–	173,793,761.65
2. Amount utilised in the period	–	–	(127,740,646.73)	–	–	(127,740,646.73)
III. Closing balance for the period	1,015,234,105.00	8,102,977,121.92	245,434,235.10	704,898,171.11	2,739,664,305.14	12,808,207,938.27

NOTES TO FINANCIAL STATEMENT

For the period from 1 January 2015 to 30 June 2015

(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 of H Share 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.

On 24 November 2014, China Securities Regulatory Commission approved a total public offering of RMB4,900,000,000.00 of A Share convertible corporate 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.

As of 30 June 2015, A Share convertible corporate bonds with a total par value of RMB601,934,000.00 have been converted into share of the Company, totaling 68,557,192 shares. Share capital of the Company has accordingly amounted to 5,144.73 million shares. For details of the share capital, please see Note (V), 35.

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 Group adopts the Accounting Standards for Business Enterprises and relevant regulations issued by the Ministry of Finance. The interim financial report is prepared in accordance with Accounting Standards for Business Enterprises. In addition, the interim financial statements also includes relevant disclosure required under Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The interim financial statements have been prepared on a going concern basis.

(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 relevant regulations, and present truly and completely, the Company's and consolidated financial position as of 30 June 2015, and the Company's and consolidated results of operations and cash flows during 1 January to 30 June 2015.

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

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.

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.

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.

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.

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".

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 Determination of fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. For a financial instrument which has an active market, the Group uses the quoted price in the active market to establish its fair value. For a financial instrument which has no active market, the Group establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models, etc.

11.2 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.

11.3 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.

11.3.1 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) as set out in the Group's formal documented risk management or investment strategies, the financial asset forms part of a group of financial assets or a group of financial assets and financial liabilities, which is managed, evaluated and reported to key management personnel on a fair value basis; (3)the financial asset is allowed to be designated as a hybrid instrument related to an embedded derivative which is measured at fair value through profit or loss according to ASBE No. 22 - Recognition and Measurement of Financial Instruments.

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.

11.3.2 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.

11.3.3 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.

11.3.4 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.

11.4 *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.

— 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.

11.5 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.

11.6 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.

11.6.1 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.

11.6.2 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.

11.6.3 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.

11.7 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.

11.8 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.

11.8.1 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 enquiry 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.

11.9 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.

11.10 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 RMB5 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 an 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 of Receivables According to the Credit Risk Characteristics Portfolio

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.

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.

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.

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.

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.

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	5-7.7
Mining engineering (Australia)	Units of production method	Expected mine useful life	0	15.4
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.

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.

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	Straight-line method	15	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.

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

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.

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.

26. Deferred Tax Assets/Deferred 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.

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.

28. Other Significant Accounting Policies and Accounting Estimations

28.1 Maintenance costs of simple reproduction

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

The group shall extract the "maintenance fee" 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.

According to the Cai Zheng Bu Zi [2015] No. 8 Notice on No More Stipulation on the Standard of the Cost to Maintain Simple Reproduction of Metallurgic Mine issued by the Ministry of Finance on 27 April 2015, the Company since April 2015 no longer provided the maintenance fee for simple reproduction. The surplus of such maintenance fee previous years will be used continuously according to the original criterion till zero.

28.2 Safety Production Expenses

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.

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 the 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.

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.

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. When estimating future cash flows of mining rights assets, the Group considered the factors including forward prices of relevant mineral products in the future or the estimated selling prices of mineral products in the future, the budget of mining works and mining plans, the estimated expenditures of mining and processing as well as future exchange rates. Since various uncertainties are involved in the abovementioned estimation, material changes may exist between the then valid assumptions and estimation and the actual data in the future.

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.

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 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 in 2014 by the Ministry of Finance for the first time in 2014 annual financial statements.

For changes in accounting policies involved, the Group has adjusted the comparison figures last period of the interim financial statements retrospectively and restated the financial statements of the comparative period.

The management of the Group considers that the above-mentioned changes in accounting policies has no significant influence on the total amount of net profit and comprehensive income of the Group as well as the Company for the period from 1 January 2014 to 30 June 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% *(Note 1)*
Resource tax	Output of the raw ore or ales value of concentrates (raw ore converted into concentrate)	RMB12/ton or 6.5%, 11% collection on ad valorem basis *(Note 2)*
Mineral resources compensation fee	Mineral sales revenue at current period	2% *(Note 1)*
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 3*
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% *(Note 4)*
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.

Note 1: Pursuant to the Notice on Matters Related to Disposal of Fund Concerning Charges for Rere Earth, Tungsten and Molybdenum (Cai Shui [2015] No. 53) issued by the Ministry of Finance and State Administration of Taxation, the rate of mineral resources compensation fees in respect to rare earth, tungsten and molybdenum shall be decreased to zero on and after 1 May 2015 on a national basis and collection of price regulation fund in respect to rare earth, tungsten and molybdenum shall be ceased.

Note 2: Pursuant to the Notice on Implementation of the Reform of Resource Tax of Rere Earth, Tungsten and Molybdenum Featured by Price-based Tax Calculation and Collection (Cai Shui [2015] No. 52) issued by the Ministry of Finance and State Administration of Taxation, the implementation of calculation and collection of molybdenum resources tax shall be changed from volume-based tax to price-based tax on and after 1 May 2015. The applicable fax rate of tungsten resources tax is 6.5%. The applicable tax rate of molybdenum resources tax is 11%.

Note 3: 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%.

Note 4: Pursuant to the Notice of the Customs Tariff Commission of the State Council on the Adjustment to Tariff of certain Products issued by the Customs Tariff Commission of the State Council (Shui Wei Hui [2015] No.3), tariff of molybdenum products is removed on and after 1 May 2015.

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%.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Bank and Cash balance

RMB

Item	Closing Amount			Opening Amount		
	Amount in Foreign Currency	Exchange Rate	Amount in RMB	Amount in Foreign Currency	Exchange Rate	Amount in RMB
Cash:			364,360.45			427,474.82
RMB	–	–	348,737.29	–	–	409,464.71
AUD	3,307.57	4.72	15,623.16	3,587.67	5.02	18,010.11
Bank deposit:			3,730,204,461.20			774,353,569.89
RMB	–	–	1,253,375,148.81	–	–	296,057,190.66
USD	292,251,004.71	6.12	1,790,393,581.62	71,625,675.90	6.12	438,278,043.00
HKD	825,259,805.46	0.79	651,888,820.91	2,883,568.71	0.79	2,274,761.00
AUD	7,185,372.26	4.72	33,939,813.16	7,520,436.34	5.02	37,743,575.23
EUR	61,468.84	6.87	422,284.78	–	–	–
JPY	3,677,215.00	0.05	184,811.92	–	–	–
Other bank balances and cash			4,440,500,000.00			8,550,800,000.00
RMB	–	–	4,440,500,000.00	–	–	8,550,800,000.00
Total			8,171,068,821.65			9,325,581,044.71

At the end of the period, the Group's other cash and cash equivalents include restricted deposits for bills of RMB150,500,000.00 (opening balance for the period: Nil) and structured bank deposit of RMB4,290,000,000.00 (opening balance for the period: RMB8,550,800,000.00). The above-mentioned structured bank deposit can not be withdrawn in advance during the deposit period.

At the end of the period, the Group had deposits equivalent to RMB687,159,991.24 (opening balance for the period: RMB6,202,667.46) placed in the bank account opened in Hong Kong, and deposits equivalent to RMB34,338,246.91 (opening balance for the period: RMB465,151,496.70) placed in the bank account opened in Australia.

2. Financial assets at fair value through profit or loss

RMB

Item	Closing Fair Value	Opening Fair Value
Investment in equity instruments *(Note 1)*	**2,010,465,983.49**	–
Forward exchange contract *(Note 2)*	**21,171,290.63**	–
Total	**2,031,637,274.12**	–

Note 1: Open-ended stock fund purchased by the Company.

Note 2: Gain or loss arising from changes in the fair value of the forward exchange contract not designated as hedging instrument are recognised in profit or loss immediately.

3. Notes receivable

(1) Categories of notes receivable

RMB

Category	Closing Amount	Opening Amount
Bank acceptances	**536,266,492.72**	1,158,139,987.39
Commercial acceptance	**47,500,000.00**	–
Total	**583,766,492.72**	1,158,139,987.39

(2) No notes receivable pledged by the Company at the end of period

(3) Notes receivable endorsed or discounted by the Company but outstanding at the end of the period in the balance sheet

RMB

Category	Derecognised Amount at the End of the Period	Amount Not Yet Derecognised at the End of the Period
Bank acceptances	**813,208,131.54**	–
Total	**813,208,131.54**	–

(4) *As at the beginning and the end of the period, none of the Group's notes was transferred to accounts receivable due to the drawers' failure in performing the agreements.*

(5) *During the period the Group has discounted bank acceptance amounting RMB1,190,081,173.26 in total (prior period: Nil) realizing RMB1,169,676,898.75 in cash. Bills endorsed by the Group to other parties during the period are RMB99,573,430.97 (prior period: RMB59,895,095.13). Since major risks including the interest rate risks related to such bank acceptance as well as the remuneration have been transferred to the bank or another party, the Group derecognises discounted or endorsed bank acceptance.*

4. Accounts receivable

(1) *Disclosure of accounts receivable by Categories:*

RMB

Category	Closing Amount				Opening Amount			
	Carry Amount		Bad Debt Provision		Carry Amount		Bad Debt Provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Accounts receivable that are individually significant and for which bad debts are provided for individually	**985,235,474.20**	**93.63**	**4,229,626.57**	**0.43**	833,070,811.37	94.88	4,229,626.57	0.51
Accounts receivable for which bad debts are provided based on credit risk characteristics portfolio	**67,080,821.07**	**6.37**	**21,933,455.85**	**32.70**	44,979,808.67	5.12	22,462,144.05	49.94
Total	**1,052,316,295.27**	**100.00**	**26,163,082.42**	**2.49**	878,050,620.04	100.00	26,691,770.62	3.04

Type of accounts receivable:

The Group recognises accounts receivable of over RMB5 million as accounts receivable that are individually significant.

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.

Aged analysis of accounts receivable is set our below:

RMB

Aging	Closing Amount				Opening Amount			
	Amount	Proportion (%)	Bad Debt Provision	Book Value	Amount	Proportion (%)	Bad Debt Provision	Book Value
Within 1 year	986,358,750.72	93.73	–	986,358,750.72	817,539,018.89	93.11	–	817,539,018.89
1 to 2 years	11,510,398.94	1.09	–	11,510,398.94	5,535,767.33	0.63	–	5,535,767.33
2 to 3 years	31,531,131.72	3.00	7,476,695.09	24,054,436.63	35,844,426.72	4.08	7,560,363.52	28,284,063.20
Above 3 years	22,916,013.89	2.18	18,686,387.33	4,229,626.56	19,131,407.10	2.18	19,131,407.10	–
Total	1,052,316,295.27	100.00	26,163,082.42	1,026,153,212.85	878,050,620.04	100.00	26,691,770.62	851,358,849.42

Accounts receivable that are individually significant and for which bad debts are provided for individually at the end of the period:

RMB

Accounts Receivable (By Entity)	Closing Balance			
	Accounts Receivables	Bad Debt Reserve	Proportion (%)	Reason for Proportion
Entity A	8,669,251.49	4,229,626.57	48.79	Bad debt risk
Total	8,669,251.49	4,229,626.57		

Accounts receivable for bad debt provision of portfolios using aging analysis:

RMB

Aging	Closing Balance		
	Accounts Receivables	Bad Debt Reserve	Proportion (%)
Within 2 years	45,147,365.22	–	–
Over 2 years	21,933,455.85	21,933,455.85	100.00
Total	67,080,821.07	21,933,455.85	32.70

(2) *Bad debt reserve for the current period amounts to RMB1,311.80 and the withdrawn or reversed bad debt reserve totals RMB530,000.00.*

(3) *There are no accounts receivable that are actually written off.*

(4) *Accounts receivable collected with a closing balance ranking top five based on defaulters*

RMB

Name of Entity	**Amount**	**As A Percentage of Total Amount of Accounts Receivables** *(%)*	**Closing Balance of Bad Debt Reserve**
Entity B	231,355,087.25	21.99	–
Entity C	88,545,112.65	8.41	–
Entity D	86,738,352.06	8.24	–
Entity E	79,605,954.48	7.56	–
Entity F	54,125,131.94	5.14	–
Total	540,369,638.38	51.34	

(5) *Accounts receivable not involved in derecognition of the Group in current period.*

(6) *Details of accounts receivable due from related parties are set out in note (IX), 6.*

5. Prepayments

(1) *Prepayments presented by age*

RMB

Aging	**Closing Amount**		Opening Amount	
	Amount	**Percentage** **(%)**	Amount	Percentage (%)
Within 1 year	**194,000,017.84**	**98.78**	238,445,011.85	87.52
1 to 2 years	**1,036,603.04**	**0.53**	33,539,926.51	12.31
2 to 3 years	**1,092,786.31**	**0.56**	213,512.95	0.08
Above 3 years	**251,869.60**	**0.13**	251,869.60	0.09
Total	**196,381,276.79**	**100.00**	272,450,320.91	100.00

(2) *Prepayments collected with a closing balance ranking top five based on prepaying subject*

RMB

Name of Entity	Relationships with the Company	Amount	As a Percentage of Total Amount of Prepayments *(%)*
Entity B	Third party	155,492,172.49	79.18
Entity G	Third party	10,000,000.00	5.09
Entity H	Third party	8,770,522.69	4.47
Entity I	Third party	2,957,990.85	1.51
Entity J	Third party	1,889,906.34	0.96
Total		179,110,592.37	91.21

(3) *For payments prepaid by the Group to related parties, please see Note (IX), 6.*

6. Dividends receivable

(1) *Dividends receivable*

RMB

Investee entity	Closing Balance	Opening Balance
Kunyu *(Note)*	**61,226,476.23**	61,226,476.23
Total	**61,226,476.23**	61,226,476.23

Note: With regard to disposal of the 70% of equity of Luoyang Kunyu Mining Co., Ltd. ("**Kunyu**") held by the Group in 2014, the dividends receivable at the end of the current period is the previous dividends receivable announced yet not paid by Kunyu.

(2) *Significant dividends receivable aging more than one year:*

RMB

Investee entity	Closing Balance	Aging	Reason for not Withdrawing	Impairment and Basis for Determination
Kunyu	**61,226,476.23**	1 to 2 years	Time of issuing to be determined	No impairment, relevant amount expected to be withdrawn by the Group in 2015
Total	**61,226,476.23**			

7. Other receivables

(1) *Other receivables disclosed by type*

RMB

Investee entity	Closing Amount				Opening Amount			
	Book Balance		Bad Debt Provision		Book Balance		Bad Debt Provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other receivables that are individually significant and for which bad debts are provided for individually	**23,425,210.53**	**43.66**	**–**	**–**	40,807,859.68	50.93	8,691,324.58	21.30
Other receivables for which bad debts are provided based on credit risk characteristics portfolio	**30,230,927.26**	**56.34**	**14,526,496.27**	**48.05**	39,321,981.29	49.07	22,488,938.06	57.19
Total	**53,656,137.79**	**100.00**	**14,526,496.27**	**27.07**	80,129,840.97	100.00	31,180,262.64	38.91

Types of other receivables:

An other receivable that exceeds RMB5,000,000 is recognised as an individually significant receivable by the Group.

Other receivables that are individually significant and for which bad debts are provided for individually at the end of the period: None

Other receivable for bad debt provision of portfolios using aging analysis:

RMB

Aging	Closing Balance		
	Other Receivables	Bad Debt	Proportion (%)
Within 2 years	**15,704,430.99**	**–**	**–**
More than 2 years	**14,526,496.27**	**14,526,496.27**	**100.00**
Total	**30,230,927.26**	**14,526,496.27**	**48.05**

(2) *Bad debt reserve for the current period amounts to RMB101,591.27 and the withdrawn or reversed bad debt provision amount to RMB4,156,211.77 which was attributable to the decrease in the transfer to assets held-for-sale of RMB12,599,145.87.*

(3) *There are no other receivables of the Group that are actually written off in current period.*

(4) *Other receivables listed by nature of amount*

RMB

Nature of other receivables	Closing Book Balance	Opening Book Balance
Refund of land-transferring fee receivable	**8,250,000.00**	8,250,000.00
Deposit	**5,000,000.00**	5,000,000.00
Others	**40,406,137.79**	66,879,840.97
Total	**53,656,137.79**	80,129,840.97

(5) *Other receivables collected with a closing balance ranking top five based on debtors*

RMB

Name of Entity	Amount	As a percentage of total amount of other receivables *(%)*	Closing balance of bad debt provision
Individual K *(Note)*	10,175,210.53	18.96	–
Entity L	8,250,000.00	15.38	–
Entity M	5,000,000.00	9.32	–
Entity N	3,000,000.00	5.59	–
Entity O	2,803,500.00	5.22	–
Total	29,228,710.53	54.47	–

Note: Such amount is the debt of original shareholders of Huqi.

(6) *There are no other receivables concerning government grants in current period.*

(7) *For other amount receivable by the Group from related parties, please refer to Note (IX), 6.*

8. Assets/liabilities classified as held for sale

RMB

Assets	Closing Book Value
Current assets	**60,025,636.27**
Non-current assets	**113,924,908.28**
Total assets	**173,950,544.55**
Assets classified as held for sale	**173,950,544.55**

Liabilities	Closing Book Value
Current liabilities	**33,579,200.14**
Non-current liabilities	**5,045,940.00**
Total Liabilities	**38,625,140.14**
Liabilities classified as held for sale	**38,625,140.14**

On 18 May 2015, China Molybdenum Precious Metals Investment Co. Ltd. ("**Precious Metals"**) and Luoyang Yongning Gold & Lead Refining Co., Ltd. ("**Yongning**"), subsidiaries of the Company, entered into the Agreement on Capital and Share Addition of Luoyang Yongning Gold & Lead Refining Co., Ltd. with an third party, Lingbao Dinglong Mining Co., Ltd. ("**Dinglong Mining**"). In accordance with the Agreement, Dinglong Mining shall contribute in cash for Yongning's newly added registered capital in the amount of RMB122 million and the Company shall restructure the liabilities owing by Yongning to the Company. Upon completion of capital addition and restructuring, Dinglong Mining will hold 99.187% of the share of Yongning and Precious Metals will hold 0.610% Yongning. Yongning will no longer be the Group's subsidiary. Therefore, on 30 June 2015, the Company reclassified the balance of assets and liabilities of Yongning's accounts as assets held for sale and liabilities held for sale in accordance with the estimated net realizable value taking into account the outcome of the restructuring.

Such transaction shall be regarded as disposal of Yongning. After considering transaction consideration and the carrying amounts of the relevant assets and liabilities, the Company has made provision for impairment of RMB148,583,665.66 in accordance with the estimated net realizable value for the disposal of assets.

9. Inventories

(1) *Categories of inventories*

RMB

Item	Closing Amount Book Balance	Closing Amount Provision for decline in value of inventories	Closing Amount Book Value	Opening Amount Book Balance	Opening Amount Provision for decline in value of inventories	Opening Amount Book Value
Current:						
Raw materials *(Note 1)*	**193,333,112.07**	**–**	**193,333,112.07**	244,046,926.65	5,535,803.20	238,511,123.45
Work-in-progress	**155,988,338.74**	**–**	**155,988,338.74**	92,568,583.75	14,410,961.35	78,157,622.40
Finished products	**317,142,113.77**	**17,598,440.51**	**299,543,673.26**	117,064,658.57	978,757.58	116,085,900.99
Sub-total	**666,463,564.58**	**17,598,440.51**	**648,865,124.07**	453,680,168.97	20,925,522.13	432,754,646.84
Non-current:						
Raw materials *(Note 2)*	**287,898,154.53**	**–**	**287,898,154.53**	307,737,812.71	–	307,737,812.71
Total	**954,361,719.11**	**17,598,440.51**	**936,763,278.60**	761,417,981.68	20,925,522.13	740,492,459.55

Note 1: Relevant inventories of Yongning amounting to RMB10,996,888.63 have been transferred to as held for sale assets.

Note 2: The sulphide ore exploited and reserved under Australian Northparkes copper and gold business. According to the estimation of the management, it is expected that these ore material reserves will not be sold before the end of the mining period of E48 mine shaft, which is 2024, and therefore are presented as non-current assets.

(2) *Provision for decline in value of inventories*

RMB

Category of Inventories	Opening Book Balance	Increase for the Period	Decrease for the Period Reversal	Decrease for the Period Write-off	Closing Book Balance
Raw materials	5,535,803.20	–	–	5,535,803.20	**–**
Work-in-progress	14,410,961.35	–	–	14,410,961.35	**–**
Finished products	978,757.58	23,418,092.50	–	6,798,409.57	**17,598,440.51**
Total	20,925,522.13	23,418,092.50	–	26,745,174.12	**17,598,440.51**

10. Other current assets

RMB

Item	Closing Amount	Opening Amount
Wealth management products of banks *(Note 1)*	**1,192,981,589.04**	2,337,292,164.39
Other wealth management entrusted by non-banking financial institutions *(Note 2)*	**2,386,650,794.52**	200,000,000.00
Loan receivable from third party *(Note 3)*	**100,000,000.00**	–
Others	**37,608,815.01**	21,808,288.46
Total	**3,717,241,198.57**	2,559,100,452.85

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

Note 2: Wealth management plans entrusted by non-banking financial institutions purchased by the Group with terms within one year. The management of the Company considers that the difference between the value of the Company's interests in and risk exposures to these bank wealth management products as compared to their book value is not significant.

Note 3: Pledge loans receivable from a third party. The loan period is one year and agreed interest rate determined with reference to the loan interest rate of the same period specified by PBOC, with pledge of equity interest of an non-listed entity held by the third party.

11 Available-for-sale financial assets

(1) Details of available-for-sale financial assets

RMB

Item	Closing Balance			Opening Balance		
	Book Balance	Provision for Impairment	Book Value	Book Balance	Provision for Impairment	Book Value
Available-for-sale equity instruments	**2,355,532,217.87**	**–**	**2,355,532,217.87**	4,928.00	–	4,928.00
Measured as a fair value	**1,855,527,289.87**	**–**	**1,855,527,289.87**	–	–	–
Measured as a cost	**500,004,928.00**	**–**	**500,004,928.00**	4,928.00	–	4,928.00
Total	**2,355,532,217.87**	**–**	**2,355,532,217.87**	4,928.00	–	4,928.00

(2) *Available-for-sale financial assets measured as a fair value*

RMB

Available-for-sale Financial Assets	Target Asset Management Plans *(Note 1)*	Equity Asset Management Plans *(Note 2)*	Equity of Listed Companies *(Note 3)*	Total
Cost of equity instruments	1,210,170,655.57	550,000,000.00	217,699,797.85	1,977,870,453.42
Fair value	1,093,701,868.65	550,000,000.00	211,825,421.22	1,855,527,289.87
Changes of fair value included in other comprehensive income	(116,468,786.92)	–	(5,874,376.63)	(122,343,163.55)
Amount of provision for impairment	–	–	–	–

Note 1: A designated asset management plan established by a Hong Kong assets management company invested by the Group in May 2015, with a term of two years. At the end of the period, such assets management plan is measured based on fair value.

Note 2: An asset management plan of equity investment established by a domestic asset management company invested by the Group in June 2015. Such equity asset management plan is measured based on fair value.

Note 3: Equity interest of a company listed and traded in overseas Stock Exchange held by the Group; management of the Company plans to hold the investment for long term purpose. The Group does not control, hold under common control or have significant on relevant investees.

(3) *Available-for-sale financial assets measured as a cost*

RMB

Unit Under Investment	Book Balance: At the beginning of the Period	Book Balance: Increase for the Period	Book Balance: Decrease for the Period	Book Balance: At the End of the Period	Provision for Impairment: At the beginning of the Period	Provision for Impairment: Increase for the Period	Provision for Impairment: Decrease for the Period	Provision for Impairment: At the End of the Period	Proportion of Shareholding (%)	Cash Dividends of the Period
Non-listed entity A *(Note)*	–	100,000,000.00	–	**100,000,000.00**	–	–	–	–	2.38%	–
Non-listed entity B *(Note)*	–	400,000,000.00	–	**400,000,000.00**	–	–	–	–	5.30%	–
Others	4,928.00	–	–	**4,928.00**	–	–	–	–	–	–
Total	4,928.00	500,000,000.00	–	**500,004,928.00**	–	–	–	–	–	–

Note: Equity of non-listed companies invested by the Group within the period; the Group does not control, hold under common control or have significant influence on relevant investees.

12. Long-term equity investments

RMB

Unit Under Investment	Note	Opening Balance	Changes for the Period: Additional Investment	Decreased Investment	Investment Income Determined under Equity Method	Adjustments to Other Comprehensive Income	Other Changes In Equity	Declared Cash Dividends or Profits	Provision for Impairment	Others	Closing Balance *(Notes 4, 5)*	Closing Balance of Provision for Impairment
I. Joint ventures												
Luoyang High Tech Molybdenum & Tungsten Materials Co., Ltd. ("**High-Tech**")		211,765,323.35	–	–	(3,927,491.71)	–	–	–	–	–	207,837,831.64	–
Xuzhou Huanyu Molybdenum Co., Ltd. ("**Huanyu**")	*Note 1*	1,167,450,246.10	–	–	(18,106,854.69)	–	–	–	–	–	1,149,343,391.41	–
Sub-total		1,379,215,569.45	–	–	(22,034,346.40)	–	–	–	–	–	1,357,181,223.05	–
II. Associates												
Luoyang Yulu Mining Co., Ltd. ("**Yulu Mining**")	*Note 2*	105,350,352.33	–	–	46,679,449.06	–	–	(72,500,000.00)	–	–	79,529,801.39	–
Caly Nanomoly Development, Inc. ("**Nanomoly Development**")	*Note 3*	–	–	–	–	–	–	–	–	–	–	–
Sub-total		105,350,352.33	–	–	46,679,449.06	–	–	(72,500,000.00)	–	–	79,529,801.39	–
Total		1,484,565,921.78	–	–	24,645,102.66	–	–	(72,500,000.00)	–	–	1,436,711,024.44	–

Note 1 Huanyu, a joint venture of the Group, holds 90% of stake in Luoyang Fuchuan Mining Co., Ltd.("**Fuchuan**"). Meanwhile, the Group holds indirectly by its subsidiary, Fu Kai, 10% of stake in Fuchuan. Therefore, the Group holds directly and indirectly by Huanyu 55% of stake in Fuchuan in total.

The mining rights of Shangfanggou Mine is legally owned by Fuchuan, but there were disputes in its mining. During the 2012, the production and operation of those disputing parities were all suspended. According to the notification issued by Luoyang Municipal People's Government in March 2013, Fuchuan and the disputing party reached an intent of acquisition and the disputing party agreed to leave the Shangfanggou Mine. Fuchuan was undergoing preparation for resumption of the production as of the date of this report.

According to the agreement with local government, the loal government is entitled to 8% of the dividend rights of Fuchuan. Thus, according to equity method, the Group actually holds 47% of the profit or loss of Fuchuan.

Note 2 As resolved at Yulu Mining's 2007 annual general meeting, both investors would share its net profit in the proportion of 1:1 since 2008. Therefore, although the Group holds 40% equity interest in Yulu Mining, it recognises investment income in the proportion of 50%.

Note 3: The Group holds 40% of Nanomoly Development's equity and accounts investment therein based on equity method. In accordance with Articles of Association of Nanomoly Development, the Group do not assume any additional liabilities for additional loss. Up the end of the current period, the Group has decreased its investment in Nanomoly Development to zero.

Note 4: There is no limit existing regarding cash realisation and investment income repatriation from these associates.

Note 5: The enterprises of the Group's long term equity investment are all non-listed entities.

13. Fixed assets

(1) Fixed assets

RMB

Item	Land Buildings And Mining Engineering	Machinery Equipment	Electronic Equipment, Appliances And Furniture	Transportation Equipment	Total
I. Total cost:					
1. Opening balance	5,401,404,535.63	2,222,668,534.53	175,345,947.56	158,819,446.86	7,958,238,464.58
2. Increased amount for the period	197,942,574.45	4,998,199.27	790,858.05	653,468.17	204,385,099.94
(1) Purchased	30,955,761.80	655,435.48	790,858.05	653,468.17	33,055,523.50
(2) Transferred from construction in progress	166,986,812.65	4,342,763.79	–	–	171,329,576.44
3. Decreased amount for the period	1,410,000.00	80,617,260.64	33,600.00	1,741,141.00	83,802,001.64
(1) Disposed or scrap	1,410,000.00	80,617,260.64	33,600.00	1,741,141.00	83,802,001.64
4. Assets classified as assets held for sale	244,063,760.77	90,468,173.26	2,765,163.00	5,117,047.64	342,414,144.67
5. Foreign currency exchange differences	(218,682,492.78)	(99,326,081.66)	–	–	(318,008,574.44)
6. Closing balance	5,135,190,856.53	1,957,255,218.24	173,338,042.61	152,614,726.39	7,418,398,843.77
II. Accumulated depreciation					
1. Opening balance	1,727,051,151.41	971,776,887.74	115,542,582.54	131,875,234.23	2,946,245,855.92
2. Increased amount for the period	178,356,743.79	115,367,114.85	6,929,797.17	2,737,105.69	303,390,761.50
(1) Provision	178,356,743.79	115,367,114.85	6,929,797.17	2,737,105.69	303,390,761.50
(2) Transferred from construction in progress	–	–	–	–	–
3. Decreased amount for the period	129,249.78	34,047,247.54	8,959.68	1,030,835.83	35,216,292.83
(1) Disposed or retired	129,249.78	34,047,247.54	8,959.68	1,030,835.83	35,216,292.83
4. Assets classified as assets held for sale	50,956,512.96	36,883,615.04	2,058,085.48	3,234,865.62	93,133,079.10
5. Foreign currency exchange differences	(137,642,069.71)	(71,035,106.79)	–	–	(208,677,176.50)
6. Closing balance	1,716,680,062.75	945,178,033.22	120,405,334.55	130,346,638.47	2,912,610,068.99
III. Provision for impairment					
1. Opening balance	9,087,783.62	19,402,550.64	–	–	28,490,334.26
2. Increased amount for the period	–	–	–	–	–
(1) Provision	–	–	–	–	–
(2) Transferred from construction in progress	–	–	–	–	–
3. Decreased amount for the period	–	6,509,127.31	–	–	6,509,127.31
(1) Disposed or scrap	–	6,509,127.31			6,509,127.31
4. Assets classified as assets held for sale	9,087,783.62	9,927,169.03			19,014,952.65
5. Foreign currency exchange differences	–	–	–	–	–
6. Closing balance	–	2,966,254.30	–	–	2,966,254.30
IV. Carrying amount					
1. Closing carrying account	3,418,510,793.78	1,009,110,930.72	52,932,708.06	22,268,087.92	4,502,822,520.48
2. Opening carrying account	3,665,265,600.60	1,231,489,096.15	59,803,365.02	26,944,212.63	4,983,502,274.40

As at the end of the period, no fixed asset is used as collateral.

(2) Temporarily idle fixed assets

RMB

Item	Original Carrying Amount	Accumulated Depreciation	Provision For Impairment	Net Book Value
Closing balance:	9,654,119.14	5,110,370.16	2,966,254.30	1,577,494.68
Building	1,599,300.00	377,710.59	–	1,221,589.41
Machinery equipment	8,054,819.14	4,732,659.57	2,966,254.30	355,905.27

At the end of the current period, idle fixed assets of the Group mainly include recorded fixed assets of the chemistry subsidiary ("**Chemistry**"). 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 between the carrying amount and the recoverable amount.

(3) At the end and the beginning of the period, there is no fixed assets leased under finance leases in the Group.

(4) At the end and the beginning of the period, there is no fixed assets leased out under operating leases in the Group.

(5) Details of the fixed assets without certificates of titles

RMB

Item	Carrying Amount	Reasons of not completing the certificate of title
1# hostel	2,280,577.26	To be completed and settled
5# hostel	2,393,892.57	To be completed and settled
Xiazhigou 4# staff hostel	2,397,951.87	To be completed and settled
Total	7,072,421.70	

14. Construction in progress

(1) *Construction in progress:*

RMB

Item	Closing Amount Carrying Balance	Closing Amount Provision for Impairment	Closing Amount Carrying Amount	Opening Amount Carrying Balance	Opening Amount Provision for Impairment	Opening Amount Carrying Amount
Tailings dam project of No. 3 Ore Processing Plant	**4,165,185.23**	**–**	**4,165,185.23**	3,465,185.23	–	3,465,185.23
Tailings dam project of No. 2 Ore Processing Plant	**43,489,293.50**	**–**	**43,489,293.50**	50,399,293.50	–	50,399,293.50
Molybdenum project in East Gobi, Hami, Xinjiang	**72,633,881.30**	**–**	**72,633,881.30**	72,633,881.30	–	72,633,881.30
Demonstration of comprehensive utilization of low-grade scheelite	**3,931,661.97**	**–**	**3,931,661.97**	–	–	–
Northparkes E48 mine redevelopment project	**2,758,792.63**	**–**	**2,758,792.63**	2,761,231.72	–	2,761,231.72
Northparkes E48 mine northern extension project	**4,583,305.05**	**–**	**4,583,305.05**	151,559,873.86	–	151,559,873.86
Australian Tailing Dam Storage Project	**35,425,758.14**	**–**	**35,425,758.14**	–	–	–
Others	**131,767,321.31**	**–**	**131,767,321.31**	91,705,177.92	–	91,705,177.92
Total	**298,755,199.13**	**–**	**298,755,199.13**	372,524,643.53	–	372,524,643.53

(2) *Changes in significant construction in progress*

RMB

Project Name	Budget Amount	Opening Amount	Transfer to the Period	Conversion into Fixed Assets	Decrease for Disposal of Subsidiary	Other Decreases	Foreign currency exchange differences	Closing Amount	Investment in Construction as a Percentage of Budge (%)	Accumulated Amount from Interest Capitalization	Including: Amount of Interest Capitalization for the Current Period	Capital Resources
Tailings dam project of No. 3 Ore Processing Plant	50,000,000.00	3,465,185.23	700,000.00	–	–	–	–	4,165,185.23	70	–	–	Own capital
Tailings dam project of No. 2 Ore Processing Plant	101,000,000.00	50,399,293.50	10,462,837.87	17,372,837.87	–	–	–	43,489,293.50	98	–	–	Own capital
Molybdenum project in East Gobi, Hami, Xinjiang	2,849,000,000.00	72,633,881.30	–	–	–	–	–	72,633,881.30	7	–	–	Own capital
Demonstration of comprehensive utilization of low-grade scheelite	200,000,000.00	–	3,931,661.97	–	–	–	–	3,931,661.97	2	–	–	Own capital
Northparkes E48 mine redevelopment project	104,540,000.00	2,761,231.72	294,203.73	–	–	–	(296,642.82)	2,758,792.63	44	–	–	Own capital
Northparkes E48 mine northern extension project	148,209,000.00	151,559,873.86	16,148,419.99	146,907,669.07	–	–	(16,217,319.73)	4,583,305.05	93	–	–	Own capital
Australian Tailing Dam Storage Project	125,832,560.64	–	39,219,285.50				(3,793,527.36)	35,425,758.14	28	–	–	Own capital
Others	–	91,705,177.92	54,731,922.67	7,049,069.50	–	–	(7,620,709.78)	131,767,321.31	–	–	–	Own capital
Total	3,578,581,560.64	372,524,643.53	125,488,331.73	171,329,576.44	–	–	(27,928,199.69)	298,755,199.13		–	–	

No impairment losses have been provided for construction in progress at the end of the period as there is no any indication that construction in progress shall be impaired.

15. Intangible assets

Intangible assets

RMB

Item	Land Use Rights	Mining Rights	Others	Total
I. Total original carrying amount:				
1. Opening balance	468,849,129.43	3,883,321,976.72	23,641,618.71	4,375,812,724.86
2. Increased amount for the period	–	–	–	–
(1) Purchased	–	–	–	–
3. Decreased amount for the period	–	–	–	–
(1) Disposal	–	–	–	–
4. Assets classified as assets held for sale	36,204,628.00	–	34,675.00	36,239,303.00
5. Foreign currency exchange differences	–	(2,367,582.74)	–	(2,367,582.74)
6. Closing balance	432,644,501.43	3,880,954,393.98	23,606,943.71	4,337,205,839.12
II. Accumulated amortisation				
1. Opening balance	70,773,099.95	384,538,363.18	4,663,183.28	459,974,646.41
2. Increased amount for the period	5,124,673.22	86,485,545.79	1,220,322.10	92,830,541.11
(1) Provision	5,124,673.22	86,485,545.79	1,220,322.10	92,830,541.11
3. Decreased amount for the period	–	–	–	–
(1) Disposal	–	–	–	–
4. Assets classified as assets held for sale	4,151,079.73	–	34,675.00	4,185,754.73
5. Foreign currency exchange differences	–	(267,809.89)	–	(267,809.89)
6. Closing balance	71,746,693.44	470,756,099.08	5,848,830.38	548,351,622.90
III. Provision for impairment	–	–	–	–
1. Opening balance	–	–	–	–
2. Increased amount for the period	–	–	–	–
(1) Provision	–	–	–	–
3. Decreased amount for the period	–	–	–	–
(1) Disposal	–	–	–	–
4.Assets classified as assets held for sale	–	–	–	–
5. Foreign currency exchange differences	–	–	–	–
6. Closing balance	–	–	–	–
IV. Carrying amount				
1. Closing carrying amount	360,897,807.99	3,410,198,294.90	17,758,113.33	3,788,854,216.22
2. Opening carrying amount	398,076,029.48	3,498,783,613.54	18,978,435.43	3,915,838,078.45

At the end of the period, there is no land use right 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.

16. Long-term deferred expenses

RMB

Item	Opening Balance	Addition for the Period	Amortization Amount for the Period	Assets Classified as Held for Sale Assets	Closing Balance
Relocation compensation fee *(Note 1)*	69,224,390.28	–	3,185,690.88	–	**66,038,699.40**
Geological Museum project *(Note 2)*	28,800,000.00	–	300,000.00	–	**28,500,000.00**
Others	17,197,392.02	2,396,238.51	2,751,672.77	188,912.75	**16,653,045.01**
Total	115,221,782.30	2,396,238.51	6,237,363.65	188,912.75	**111,191,744.41**

Note 1: The Company paid the relocation compensation fees to the villagers in the surrounding area of the tailing dams.

Note 2: According to the Geological Museum use right agreement signed by the Company and Luanchuan County Finance Bureau on 18 December 2012, the Company would possess the land use rights of 2,000-square-meter exhibition area in the Geological Museum for promoting the Company's products for 50 years with effect from 1 January 2013.

17. Deferred tax assets/deferred tax liabilities

(1) *Deferred tax assets that are not offset*

RMB

Item	**Closing Balance**		Opening Balance	
	Deductible Temporary Differences	**Deferred Tax Assets**	Deductible Temporary Differences	Deferred Tax Assets
Provision for impairment of assets	**59,186,633.62**	**12,315,219.48**	45,866,271.06	8,920,561.90
Deductible losses	**464,759,852.35**	**116,189,963.09**	417,726,219.30	104,431,554.83
Unrealized gross profit	**159,973,943.83**	**39,993,485.96**	117,017,624.28	29,254,406.06
Deferred income of government grant	**29,241,728.47**	**4,386,259.27**	31,158,798.16	4,673,819.72
Gains and losses from changes in fair value	**–**	**–**	2,362,130.00	354,319.50
Accrued expenses	**813,526,200.47**	**212,416,034.65**	672,088,799.27	176,936,609.20
Losses on disposal of fixed assets without filing	**23,403,398.76**	**3,510,509.81**	23,403,398.76	3,510,509.82
Impairment and losses from debt restructuring of Yongning *(Note)*	**777,997,600.00**	**116,699,640.00**	–	–
Total	**2,328,089,357.50**	**505,511,112.26**	1,309,623,240.83	328,081,781.03

Note: As stated in Note (V).8, the Group agreed upon the debt restructuring and the subsequent disposal of Yongning during the reporting period; and the deferred tax assets related to the impairment and losses from debt restructuring of Yongning were recognized accordingly.

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

RMB

Item	Closing Balance Taxable Temporary Differences	Closing Balance Deferred Tax Liabilities	Opening Balance Taxable Temporary Differences	Opening Balance Deferred Tax Liabilities
Gains and losses from changes in fair value	**34,217,074.12**	**5,132,561.12**	–	–
Accrued interest income	**271,833,540.17**	**40,775,031.02**	135,044,020.29	20,256,603.04
Total	**306,050,614.29**	**45,907,592.14**	135,044,020.29	20,256,603.04

(3) *Deferred tax assets or liabilities to be listed at the net amount after offset*

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 set-off amount of deferred tax assets and deferred tax liabilities	Opening balance of deferred tax assets and deferred tax liabilities after offset
Deferred tax assets	45,907,592.14	459,603,520.12	20,256,603.04	307,825,177.99
Deferred tax liabilities	45,907,592.14	–	20,256,603.04	–

During the changes of deferred tax assets in this period, there was a decrease of RMB138,535.59 due to foreign currency exchange.

(4) *Breakdown of unrecognised deferred tax assets*

RMB

Item	Closing Amount	Opening Amount
Deductible losses	**193,269,724.56**	748,351,590.68
Deductible temporary differences	**3,504,630.40**	5,809,920.40
Sub-total	**196,774,354.96**	754,161,511.08

Note: No deferred tax assets have been recognized in relation to such deductible temporary difference and tax losses due to uncertainty of the subjective tax profits of the relevant group entities will be available in the foreseeable future.

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

RMB

Year	Closing Amount	Opening Amount
2015	–	526,051.23
2016	–	21,398,604.86
2017	**4,245,802.40**	92,785,422.31
2018	**4,981,346.82**	215,603,473.47
2019	**7,193,683.64**	325,281,710.47
2020	**6,468,814.02**	–
Without due term	**170,380,077.68**	92,756,328.34
Sub-total	**193,269,724.56**	748,351,590.68

18. Other non-current assets

RMB

Item	Closing Amount	Opening Amount
Prepayments for land fees *(Note 1)*	**8,659,900.00**	8,659,900.00
Deposits more than one year *(Note 2)*	**1,754,946,000.51**	1,717,165,520.29
Prepayment for water fees *(Note 3)*	**63,000,000.00**	63,000,000.00
structured deposit *(Note 4)*	**300,000,000.00**	–
Prepayment for investment *(Note 5)*	**315,246,847.50**	–
Others	**13,174,795.60**	13,973,523.63
Total	**2,455,027,543.61**	1,802,798,943.92

Note 1: The Company's prepayments for land compensation fee and land grant fee.

Note 2: Including principal of RMB1,629,937,500.00 (at the end of last period: RMB1,629,937,500.00) and interest of RMB125,008,500.51 (at the end of last period: RMB87,228,020.29). The 3-year loan with the principal of RMB531,975,000.00 is the security for the long-term borrowing of CMOC in the amount of EUR 282,287,822.88 (equivalent to RMB1,895,929,704.81) and the 5-year loan with the principal of RMB797,962,500.00 that for the long-term loan of CMOC Mining Pty Limited in the amount of USD219,500,000.00 (equivalent to RMB1,343,120,500.00, while the principal in the amount of RMB300,000,000.00 is the general timing deposit of the Company.

Note 3: Prepayment for water resources usage fees by Xinjiang Luomu.

Note 4: The structural deposit of the Company deposited within the current period with a term of 3 years, within which relevant deposit shall not be withdrawn in advance.

Note 5: Investment amount paid by the Group for investment in an equity investment fund which has not come into effect as of 30 June 2015.

19. Short-term borrowings

(1) Categories of short-term borrowings:

RMB

Item	Closing Amount	Opening Amount
Fiduciary loan	**4,031,983,600.00**	305,950,000.00
Total	**4,031,983,600.00**	305,950,000.00

(2) As at the end of the period, there were no outstanding short-term borrowing of the Group that were overdue.

20. Financial liabilities measured at fair value with the changes through profits and losses

RMB

Item	Closing Fair Value	Opening Fair Value
1. Derivative financial assets not designated as hedge instruments	**28,256,000.00**	44,751,300.00
– Forward exchange contracts *(Note)*	**28,256,000.00**	44,751,300.00
2. Liabilities caused by gold leasing measured at fair value *(Note)*	**1,394,368,900.00**	953,939,350.00
Total	**1,422,624,900.00**	998,690,650.00

Note: The Group entered into a gold commodity lease agreement with the bank for financing purpose. According to agreement, the Group leases gold from the bank, which is permitted to be sold to third parties during the lease period, and the Group is obliged to return gold with same quality and weight to the bank when the lease is expired. The obligation to return the gold is recognised as financial liability held for trading. The Group manages 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.

21. Notes payable

RMB

Category	Closing Amount	Opening Amount
Bank acceptances	**545,520,000.00**	156,900,000.00
Total	**545,520,000.00**	156,900,000.00

22. Accounts payable

(1) Accounts payable

RMB

Item	Closing Amount	Opening Amount
Payables for purchase of goods	**233,156,335.95**	166,691,712.85
Others	**39,710,249.62**	26,102,099.61
Total	**272,866,585.57**	192,793,812.46

(2) Aging analysis of accounts payable is set out below:

RMB

Item	Closing Amount	Opening Amount
Within 1 year	**264,853,825.62**	179,843,245.66
1 to 2 years	**3,248,175.73**	5,722,872.75
Over 2 years	**4,764,584.22**	7,227,694.05
Total	**272,866,585.57**	192,793,812.46

23. Receipts in advance

(1) Information on receipts in advance

RMB

Item	Closing Amount	Opening Amount
Sales of goods	**41,401,224.66**	76,780,913.29
Total	**41,401,224.66**	76,780,913.29

(2) There is no material receipts in advance of the Group aging more than one year.

24. Employee benefits payable

(1) *Information of employee benefit payable*

RMB

Item	Opening Amount	Increase for the Period	Decrease for the Period	Converted into Assets Held For Sale	Exchange Differences Arising on Translation of Financial Statements Denominated in Foreign Currencies	Closing Amount
1. Short-term compensation	108,433,933.77	286,250,602.90	320,173,463.11	1,275,420.56	(4,036.92)	**73,231,616.08**
2. Retirments benefits defined contributions plans	226,811.69	28,794,675.66	28,339,155.39	247,897.84	–	**434,434.12**
3. Others *(Note)*	29,116,890.82	2,602,677.36	3,684,096.42	–	(27,027.34)	**28,008,444.42**
Total	137,777,636.28	317,647,955.92	352,196,714.92	1,523,318.40	(31,064.26)	**101,674,494.62**

Note: It represents the relevant liabilities provided for annual leave and long service leave provided by Australian Northparkes copper and gold business of the Group to its employees that are expected to be paid within 12 months.

(2) *Information on short-term compensation*

RMB

Item	Opening Amount	Increase for the Period	Decrease for the Period	Liabilities Converted into Held for Sale Assets	Exchange Differences Arising on Translation of Financial Statements Denominated in Foreign Currencies	Closing Amount
I. Wages or salaries, bonuses, allowances and subsidies	96,498,925.90	245,580,466.87	280,650,533.13	1,005,448.61	(4,036.92)	**60,419,374.11**
II. Staff welfare	302,310.85	10,085,774.92	10,111,981.85	–	–	**276,103.92**
III. Social security contributions	254,500.09	11,994,537.39	11,477,022.77	122,730.02	–	**649,284.69**
Including: Medical insurance	136,841.32	8,296,698.72	7,891,263.11	75,712.86	–	**466,564.07**
Maternity insurance	17,213.39	957,201.30	939,158.09	4,081.77	–	**31,174.83**
Work injury insurance	100,445.38	2,740,637.37	2,646,601.57	42,935.39	–	**151,545.79**
IV. Housing funds	140,024.84	14,913,116.45	13,955,865.75	46,666.20	–	**1,050,609.34**
V. Termination benefits	–	–	–	–	–	**–**
VI. Labor union and employee education fund	11,238,172.09	3,676,707.27	3,978,059.61	100,575.73	–	**10,836,244.02**
Total	108,433,933.77	286,250,602.90	320,173,463.11	1,275,420.56	(4,036.92)	**73,231,616.08**

None of the employee compensation payables or non-cash benefits is overdue in nature.

(3) Retirement benefits defined contribution plans

RMB

Item	Opening Amount	Increase for the Period	Decrease for the Period	Converted into Held for Sale Assets	Closing Amount
1. Basis pension insurance	204,562.58	25,555,834.36	25,212,389.71	236,890.46	311,116.77
2. Unemployment insurance	22,249.11	3,238,841.30	3,126,765.68	11,007.38	123,317.35
Total	226,811.69	28,794,675.66	28,339,155.39	247,897.84	434,434.12

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 RMB25,555,834.36 and RMB3,238,841,30 (2014 (unaudited): RMB55,510,763.86 and RMB3,155,102.96) for endowment insurance, and unemployment insurance plan. As at 30 June 2015, the Group has RMB311,116.77 and RMB123,317.35 (31 December 2014: RMB204,562.58 and RMB22,249.11) 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.

25. Tax payables

RMB

Item	Closing Amount	Opening Amount
Corporate income tax	**3,421,146.16**	214,751,769.31
Urban maintenance and construction tax	**1,091,061.85**	1,175,353.78
Value-added tax	**(66,331,142.22)**	(50,360,485.50)
Resources tax	**12,988,154.32**	18,490,856.01
Mineral resources compensation fees	**(76,552.78)**	14,337,412.80
Price regulation fund	**170,238.86**	531,791.11
Education surtax	**1,302,028.28**	1,393,034.84
Others	**3,027,827.80**	7,469,467.12
Total	**(44,407,237.73)**	207,789,199.47

26. Interests payable

RMB

Item	Closing Amount	Opening Amount
Interests on medium-term notes with periodic it payments of interest and return of principal at maturity *(Note)*	**90,138,082.21**	41,144,109.59
Interests on bank borrowings	**3,104,415.56**	3,905,065.58
Interests payable for convertible corporate bonds *(Note)*	**12,423,177.07**	2,013,698.63
Total	**105,665,674.84**	47,062,873.80

Note: For more details, please see Note (V), 32.

27. Dividends payable

RMB

Name of entity	Closing Amount	Opening Amount
Luanchuan Taifeng Industry and Trading Co., Ltd. *(Note 1)*	**6,623,109.24**	6,623,109.24
Luanchuan Hongji Mining Co., Ltd. *(Note 1)*	**15,943,017.89**	15,943,017.89
Luanchuan Chengzhi Mining Co., Ltd. *(Note 1)*	**5,319,669.54**	5,319,669.54
Shareholders of common share *(Note 2)*	**1,013,231,921.94**	–
Total	**1,041,117,718.61**	27,885,796.67

Note 1: Minority shareholders of subsidiaries of the Group.

Note 2: The dividends for 2014 declared by the Company which were approved by the annual general meeting on 26 June 2015 and subsequently paid on 23 July 2015.

28. Other payables

(1) Other payables shall be listed based on nature

RMB

Item	Closing Amount	Opening Amount
Project and equipment payment	**87,075,098.09**	118,028,375.16
Others	**137,131,209.15**	135,285,388.91
Total	**224,206,307.24**	253,313,764.07

(2) Other significant payables aging more than one year

RMB

Item	Closing Balance	Reason For Not Repaying or Transferring
Temporarily estimated project payment payable for open exploiting of 30,000 ton	**6,731,965.77**	Project temporarily estimated yet to be audited and settled
Individual K	**10,175,210.53**	Provided guarantee by the individual
Land compensation fee	**18,307,763.17**	Gradual land compensation
Total	**35,214,939.47**	

(3) For payments payable by the Group to related parties, please see Note (IX), 6.

29. Non-current liabilities due within one year

RMB

Item	Closing Amount	Opening Amount
Payables for exploration right in Hami, Xinjiang *(Note)*	**45,848,085.68**	45,848,085.68
Deferred income released within 1 year *(Note (V), 34)*	**10,551,910.07**	12,314,388.96
Long-term borrowings due within one year *(Note (V), 31)*	**611,556,857.92**	520,115,000.00
Convertible corporate bonds due within one year *(Note (V), 32)*	**3,133,063,685.11**	–
Total	**3,801,020,538.78**	578,277,474.64

Note: As per the agreement, the exploiting right valuing RMB1.036 billion of Molybdenum project in East Gobi, Hami, Xinjiang owned by Henan Bureau of Geo-exploration & Mineral Development has been transferred to the subsidiary, Xinjiang Luomu (certificate No.: T65120080602009571), among which, RMB0.39 billion as addition by minority to Xinjiang Luomu. As of 30 June 2015, Xinjiang Luomu has paid a part of the transfer fee in an amount of RMB0.6 billion. The management of the Company are of the opinion that the outstanding part of such fee will be paid off within one year.

30. Other current liabilities

RMB

Item	Closing Amount	Opening Amount
Accrued expenses	**46,296,554.36**	16,651,701.67

31. Long-term borrowings

RMB

Item	Closing Amount	Opening Amount
Secured borrowings	**3,140,300,270.69**	3,215,534,500.00
Unsecured and guaranteed loans	**1,341,935,200.00**	1,465,500,500.00
Less: Long-term borrowings due within one year *(Note (V). 29)*	**611,556,857.92**	520,115,000.00
Total	**3,870,678,612.77**	4,160,920,000.00

As at 30 June 2015, the interest rates for the above mentioned borrowings ranged from 1.71% to 2.73% (31 December 2014: 2.45% to 2.70%).

As at 30 June 2015, the Group has no overdue but outstanding long-term borrowings.

32. Bonds payable

(1) *Bonds payable*

RMB

Item	Closing Amount	Opening Amount
Medium-term notes	**2,000,000,000.00**	2,000,000,000.00
Convertible corporate bonds	**3,133,063,685.11**	3,438,722,886.26
Less: Convertible corporate bonds due within one year	**3,133,063,685.11**	–
Total	**2,000,000,000.00**	5,438,722,886.26

(2) *Changes in bonds payables*

RMB

Name	Par Value	Issuance Date	Bonds Term	Issue Amount	Opening Balance	Interest Based on par Value	Interest Paid for the Period	Closing Interest Payables	Premium and Discount Amortization	Exercise of Convertibility for the Period	Closing Balance
12 CMOC MTN1 *(Note)*	2,000,000,000.00	2 August 2012	5 years	2,000,000,000.00	2,000,000,000.00	48,993,972.62	–	90,138,082.21	–	–	2,000,000,000.00
Convertible corporate bonds	4,900,000,000.00	2 December 2014	6 years	4,900,000,000.00	3,438,722,886.26	12,149,315.07	–	12,423,177.07	133,118,974.04	(438,778,175.19)	3,133,063,685.11
Total	6,900,000,000.00			6,900,000,000.00	5,438,722,886.26	61,143,287.69	–	102,561,259.28	133,118,974.04	(438,778,175.19)	5,133,063,685.11

Note: On 2 August 2012, the Company issued medium-term notes with a par value and in a principal amount of RMB2 billion (security short name: 12 CMOC MTN1) and the relevant bonds is permitted to trade and circulate on the national inter-bank bond market. The proceeds from the issuance of the medium-term financing notes were used for replenishing the Company and its subsidiaries' working capital and repayment of bank borrowings. The annual interest rate of the medium-term notes is a fixed rate of 4.94% with a term of 5 years. The interest is paid once each year. Please refer to Note (V), 26 for Interests payable.

(3) *The issue of convertible company bonds, convertible conditions, convertible time, convertible situation and other specifications*

Our Company, approved by SFC, has issued convertible company bonds with a total value of RMB4,900,000,000.00 on 2 December 2014. After deducting the issuance cost, the net capital raised reached RMB4,843,547,956.20.

Name	Issuance Date	Issuance Price	Coupon Rate	Value Date	Due Date	Circulation Date	Issue Amount
CMOC convertibles	2 December 2014	RMB100	Incremental interest rate	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).

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).

On 2 June 2015, the convertible bonds become convertible into ordinary shares of the Company. As of 30 June 2015, the total par value of RMB601,934,000.00 of the convertible corporate bonds has been converted to the Company's shares, equivalent to 68,557,192 shares of the Company.

On 23 June 2015, because the closing price of the Company's share at least 15 days in any consecutive 30 trading days is no less than than 130% (including 130%) of the current conversion price,the Company exercised the early redemption option and will call the redemption at 103% (including the interest rate of the current interest accrual year) of the par value on 9 July 2015.

The liabilities of the above issued convertible bonds (including embedded derivatives) and equity component are divided as follows:

	Liabilities Component	**Equity Component**	**Total**
Balance on 1 January 2015	3,438,722,886.26	1,426,888,988.29	4,865,611,874.55
Amortization interest adjustment	133,118,974.04	–	133,118,974.04
Conversion due to the exercise of convertibility	(438,778,175.19)	(175,284,284.95)	(614,062,460.14)
Balance on 30 June 2015	3,133,063,685.11	1,251,604,703.34	4,384,668,388.45

As of 9 July 2015, the convertible corporate bonds with a total nominal value of RMB4,854,442,000 had been converted into 552,895,708 shares of the company, accounting for 99.07% of the total issued convertable corporate bonds. The outstanding convertible corporate bonds with nominal value of approximately RMB45,558,000 which accounted for 0.93% of the total amount of the convertible corporate bonds issued by the Company were redeemed at a price equal to 103% of the nominal value of the convertible bonds on the same day.

33. Provision

RMB

Item	Closing Amount	Opening Amount
Land restoration and rehabilitation fee *(Note 1)*	**47,570,371.67**	47,570,371.67
Closure and restoration cost *(Note 2)*	**194,033,539.02**	233,379,437.11
Total	**241,603,910.69**	280,949,808.78

Note 1: Pursuant to the requirements of "Notice of Matters related to Revision on Fee Standards for Restoration and Rehabilitation Fees" (Yufagai shoufei [2006] No. 1263), jointly issued by the Henan Development and Reform Commission and the Finance Department of Henan Province, the Company is obliged to discharge rehabilitation obligations in respect of the land occupied or damaged by mining and residual discharging, and the Company estimates for the restoration and rehabilitation fee according to relevant requirements..

Note 2: According to local regulations, the Group's subsidiaries, Australian Northparkes copper and gold business is required to perform obligations of closing the mine and restoring the land. Such obligations are determined according to the present value of the estimated costs for discharging restoration and rehabilitation obligations at the end of its useful life. As of 30 June 2015, the estimated exploited but uncovered area is 662.62 hectares.

34. Other non-current liabilities

RMB

Item	Closing Amount	Opening Amount
Deferred income of land grant fee refund *(Note 1)*	**16,323,132.20**	21,799,321.10
Deferred income of research and development expenses subsidy *(Note 2)*	**3,000,000.00**	3,080,525.90
Deferred income of demonstration base project subsidy *(Note 2)*	**9,918,596.27**	11,562,347.16
CCTV installation subsidy for heavy metal treatment	**10,900,745.31**	–
Deferred income of demonstration construction subsidy for low-grade white tungsten mine	**247,728.00**	247,728.00
Long service leave *(Note 3)*	**5,476,640.58**	5,500,675.05
Total	**45,866,842.36**	42,190,597.21
Including: Deferred income released within 1 year *(Note (V), 29)*	**10,551,910.07**	12,314,388.96
Total non-current liabilities	**35,314,932.29**	29,876,208.25

Note 1: Refers to the land grant fee refund received by the Group, which is included under deferred income and amortised on straight line basis in equal amounts over the term of the land use rights.

Note 2: Refers to the "Special Fund for Provincial Important Technologies", "Special Fund for the Conservation and Comprehensive utilization of mineral resources" and "The Central Mineral Resources Comprehensive Utilization Demonstrative Base Subsidy", intended to be applied on the key technology for processing and deep-processing and refining of molybdenum and tungsten, which is included under deferred income and will be recognized as current non-operating income as the relevant technology research fee incurred.

Note 3: It represents the relevant liabilities provided for annual leave and long service leave provided by Australian Northparkes copper and gold business of the Group to its employees. The part estimated to be paid within 12 months is in the calculation of the Employee benefits payable. (See Note (V) 24).

Involving government grants items:

RMB

Liabilities	Opening Balance	Increased Grants Amount for the Period	Non-operating Income Calculated for the Period	Assets Classified as Available-for-sale Assets of the Period	Closing Balance	Related to Assets /Income *(Note)*
Nanni Lake land grant fee refund	16,515,925.10	–	192,792.90	–	**16,323,132.20**	Related to Assets
3000 tonnes/day molybdenum tailings special fund for comprehensive utilization of mineral resources	3,000,000.00	–	–	–	**3,000,000.00**	Related to Assets
The Central Mineral Resources Efficient Utilization Demonstration Base Construction	11,562,347.16	13,482,474.11	15,126,225.00	–	**9,918,596.27**	Related to income
Special Fund for the Conservation and Comprehensive utilization of mineral resources	80,525.90	–	80,525.90	–	**–**	Related to income
Land grant fee refund subsidies	5,283,396.00	–	118,728.00	5,164,668.00	**–**	Related to Assets
CCTV installation subsidy for heavy metal treatment	247,728.00	–	–	–	**247,728.00**	Related to Assets
Low-grade demonstration construction for low-grade white tungsten mine	–	10,901,055.71	310.40		**10,900,745.31**	Related to Assets
Total	36,689,922.16	24,383,529.82	15,518,582.20	5,164,668.00	**40,390,201.78**	

Note: For the government grants to be received by the Company, it will be divided according to the government documents which have explicitly stipulated that government grants are classified into asses-related and income-related. For those not explicitly stipulated by the government documents, the Company will divide according to whether it can form assets or not.

35. Share capital

RMB

	Opening Amount	New Shares Issuance	Bonus Issue	Changes for the Period Surplus Reserve Conversion to Shares	Others	Sub-total	Closing Amount
For the period 1 January to 30 June 2015							
I. Restricted shares							
1. Shareholding of state-own legal-person *(Note 1)*	359,318,695.00	–	–	–	–	–	**359,318,695.00**
2. Other domestic shares	–	–	–	–	–	–	**–**
Total amount of restricted shares	359,318,695.00	–	–	–	–	–	**359,318,695.00**
II. Unrestricted shares	–	–	–	–	–	–	**–**
1. RMB common stock *(Note 2)*	393,684,210.00	13,711,438.40	–	–	–	13,711,438.40	**407,395,648.40**
2. Foreign capital stocks listed abroad	262,231,200.00	–	–	–	–	–	**262,231,200.00**
Total amount of unrestricted shares	655,915,410.00	13,711,438.40	–	–	–	13,711,438.40	**669,626,848.40**
III. Total amount of shares	1,015,234,105.00	13,711,438.40	–	–	–	13,711,438.40	**1,028,945,543.40**

Note 1: According to the relevant regulations in The Implementation Measures of Shifting Part of the State-Owned Shares to NSSF at Domestic Securities Market (C.Q. [2009] No. 94), after the Company's IPO RMB ordinary shares and listing, Mining Group, the shareholder of the state-owned shares, will shift 10% of the total IPO shares to NSSF council who will inherit the lock-up period obligation of the original state-owned share shareholder.

Note 2: As of 30 June 2015, convertible corporate bonds with a total nominal value of RMB601,934,000.00 have been converted into share of the Company, totaling 68,557,192 shares. The par value of the Company's share is RMB0.2 per share. The share capital increases accordingly by RMB13,711,438.40. See Note (V), 32.

During this time, the subsidiaries of the Company has not repurchased, sold or redeemed the Company's listed shares.

36. Capital reserve

RMB

Item	Opening Amount	Increase for the Period	Decrease for the Period	Closing Amount
For the period 1 January to 30 June 2015				
Total capital premium	8,102,977,121.92	602,089,004.12	–	**8,705,066,126.04**
Including: Capital invested by investors *(Note)*	8,100,855,081.92	602,089,004.12	–	**8,702,944,086.04**
Others	2,122,040.00	–	–	**2,122,040.00**
Other capital reserve *(Note)*	1,426,888,988.29	–	175,284,284.95	**1,251,604,703.34**
Total	9,529,866,110.21	602,089,004.12	175,284,284.95	**9,956,670,829.38**

Note: As of 30 June 2015, convertible corporate bonds with a total nominal value of RMB601,934,000.00 have been converted into share of the Company. On the conversion date, the Company has recognized the amortized cost and corresponding bonds as the balance of the carrying amount of the equity convertibility deducting the increased share capital and transferred to the capital premium. See Note (V), 32 and 35.

37. Other comprehensive income

RMB

Item	Beginning of the Period Balance	Amount for the Period: Before-tax Amount of the Period	Amount for the Period: Less: Amount Previously Included in Other Comprehensive Income Transferred into Profit or Loss in the Period	Amount for the Period: Less: Income Tax Expenses	Amount for the Period: After-tax Amount Attributable to Owners of the Parent Company	Amount for the Period: After-tax Amount Attributable to the Minority	End of the Period Balance
For the period 1 January to 30 June 2015							
I. Other comprehensive income can not reclassified into the profit or loss subsequently	–	–	–	–	–	–	**–**
II. Other comprehensive income to be reclassified into the profit or loss subsequently	(208,549,984.41)	(255,043,605.72)	–	–	(255,043,605.72)	–	**(463,593,590.13)**
Including: Gains and losses from changes in fair value of available-for-sale financial assets	–	(122,343,163.55)	–	–	(122,343,163.55)	–	**(122,343,163.55)**
Converted difference in foreign currency financial statements	(208,549,984.41)	(132,700,442.17)	–	–	(132,700,442.17)	–	**(341,250,426.58)**
Total other comprehensive income	(208,549,984.41)	(255,043,605.72)	–	–	(255,043,605.72)	–	**(463,593,590.13)**

38. Special reserve

RMB

Item	Opening Amount	Increase for the Period	Decrease for the Period	Closing Amount
For the period from 1 January to 30 June 2015:				
Production safety fee	52,891,152.40	55,369,547.36	67,228,574.93	**41,032,124.83**
Maintenance fee *(Note)*	219,033,756.84	68,980,690.50	115,569,895.42	**172,444,551.92**
Total	271,924,909.24	124,350,237.86	182,798,470.35	**213,476,676.75**

Note: According to the Cai Zheng Bu Zi [2015] No. 8 Notice on No More Stipulation on the Standard of the Cost to Maintain Simple Reproduction of Metallurgic Mine issued by the Ministry of Finance on 27 April 2015, since April 2015 the Company no longer provided the maintenance fee for simple reproduction. The surplus of such maintenance fee previous years will be used continuously according to the original criterion till zero.

39. Surplus reserve

RMB

Item	Opening Amount	Increase for the Period	Decrease for the Period	Closing Amount
For the period from 1 January to 30 June 2015:				
Statutory surplus reserve *(Note)*	704,898,171.11	–	–	**704,898,171.11**

Note: In accordance with the Company Law and the Articles of Association of the Company, the Company ceased to appropriate statutory surplus reserve since year 2012 as the accumulated statutory surplus reserve of the Company has reached 50% of the Company's registered capital.

40. Retained profit

RMB

Item	Amount	Appropriation or Distribution Proportion
For the period from 1 January to 30 June 2015:		
Retained profit at beginning of period	3,320,200,571.47	
Add: Net profit attributable to shareholders of the parent company for the period	463,024,467.83	
Less: Appropriation of statutory surplus reserve *(Note 1, 2)*	–	
Dividends on ordinary shares payable *(Note 3)*	1,013,231,921.94	
Retained profit at ending of period	2,769,993,117.36	
For the period from 1 January to 30 June 2015 (Unaudited)		
Retained profit at beginning of period	2,206,609,158.00	
Add: Net profit attributable to shareholders of the parent company for the period	1,004,883,580.25	
Less: Appropriation of statutory surplus reserve *(Note 1, 2)*	–	
Dividends on ordinary shares payable *(Note 3)*	710,663,873.50	
Retained profit at ending of period	2,500,828,864.75	

Note 1: For more details, please see Note (V), 39.

Note 2: 1. the appropriation of surplus reserve fund by subsidiaries.

On 30 June 2015, the Group's retained profit balance includes the surplus reserves appropriated by subsidiaries of RMB113,591,532.75 (31 December 2014: RMB113,591,532.75).

Note 3: As resolved at the Company's 2014 annual general meeting on 26 June 2015, the Company shall distribute to all shareholders cash dividends of RMB0.18 per share, RMB1,013,231,921.94 in total (2014: RMB710,663,873.50).

41. Operating income and operating costs

(1) *Operating income*

RMB

Item	Amount for the Period Revenue	Amount for the Period Cost	Amount for the Prior Period (Unaudited) Revenue	Amount for the Prior Period (Unaudited) Cost
Principal operating activities	**2,194,249,715.42**	**1,270,077,536.38**	3,614,797,024.13	2,264,427,689.14
Other operating activities	**75,007,514.80**	**58,877,204.79**	91,467,933.09	69,668,682.34
Total	**2,269,257,230.22**	**1,328,954,741.17**	3,706,264,957.22	2,334,096,371.48

(2) *Principal operating activities (by products)*

RMB

Name of product	Amount for the Period Operating Income	Amount for the Period Operating Costs	Amount for the Prior Period (Unaudited) Operating Income	Amount for the Prior Period (Unaudited) Operating Costs
Molybdenum and tungsten related products	**1,270,172,345.27**	**727,559,881.90**	1,921,872,260.39	1,042,555,217.46
Gold and silver related products	–	–	268,055,231.04	297,801,868.32
Electrolytic lead	–	–	214,720,472.90	269,952,150.86
Copper and gold related products	**816,327,655.10**	**485,339,956.37**	1,066,095,149.32	540,725,218.18
Others	**107,749,715.05**	**57,177,698.11**	144,053,910.48	113,393,234.32
Total	**2,194,249,715.42**	**1,270,077,536.38**	3,614,797,024.13	2,264,427,689.14

42. Business tax and surcharges

RMB

Item	Amount for the Period	Amount for the Prior Period (Unaudited)	Basis of Calculation
Business tax	**6,255,750.25**	5,060,197.12	Note (IV)
Urban maintenance and construction tax	**8,070,133.88**	13,280,806.92	Note (IV)
Education surcharge	**4,732,693.58**	7,687,650.43	Note (IV)
Resources tax	**100,609,776.20**	102,690,836.38	Note (IV)
Tariff	–	6,904,580.60	Note (IV)
Others	**4,131,957.96**	7,273,845.11	
Total	**123,800,311.87**	142,897,916.56	

43. Selling expenses

RMB

Item	Amount for the Period	Amount for the Prior Period (Unaudited)
Wages and additional costs	**2,146,241.29**	2,447,806.23
Transportation costs	**33,970,181.67**	41,806,621.02
Loading and unloading fees	**4,369,012.43**	4,788,872.52
Entertainment expenditures	**609,797.70**	642,707.70
Traveling expense	**299,324.56**	349,958.30
Taxes	**491,870.02**	712,450.58
Others	**1,498,838.84**	1,575,608.05
Total	**43,385,266.51**	52,324,024.40

44. General administrative expenses

RMB

Item	Amount for the Period	Amount for the Prior Period (Unaudited)
Wages and social security contributions	**55,872,278.25**	54,527,935.88
Depreciation and amortization	**32,671,057.09**	35,279,332.67
Auditing fees	**2,392,636.35**	5,672,555.66
Consulting and agency fees	**3,734,440.97**	12,549,703.24
Entertainment expenditures	**2,976,050.22**	2,217,291.56
Technology development fee	**27,789,965.71**	32,270,662.09
Others	**27,328,983.54**	31,579,575.57
Total	**152,765,412.13**	174,097,056.67

45. Financial expenses

RMB

Item	Amount for the Period	Amount for the Prior Period (Unaudited)
Interest charges for bonds	**207,845,938.46**	48,971,415.54
Discount interest of notes receivables	**12,739,818.23**	485,000.00
Bank loans interest expenses	**85,412,163.09**	70,363,581.00
Including: the interest expense of bank loads due within 5 years	**85,412,163.09**	70,363,581.00
Total interest expenses:	**305,997,919.78**	119,819,996.54
Less: capitalised interest expenses	**–**	–
Less: Interest income	**267,857,761.36**	95,702,257.10
Exchange differences	**68,345,956.61**	(1,594,540.46)
Less: capitalised exchange balance	**–**	–
Others	**54,761,823.89**	32,852,778.80
Total	**161,247,938.92**	55,375,977.78

46. Impairment loss of assets

RMB

Item	Amount for the Period	Amount for the Prior Period (Unaudited)
Bad debt provision (reversal)	**(4,583,308.70)**	10,054,521.51
Inventories provision	**23,418,092.50**	24,663,384.92
Impairment loss of long-term assets	**148,583,665.66**	25,524,079.96
Total	**167,418,449.46**	60,241,986.39

47. Gains from changes in fair value

RMB

Sources of Gains from Changes in Fair Value	Amount for the Period	Amount for the Prior Period (Unaudited)
1. Earnings (loss) from the change of fair value of trading equity instruments	**10,466,983.49**	–
2. Derivative instruments not designated as hedge instruments	**21,171,290.63**	4,678,325.00
– Gains (loss) from changes in fair value of commodity futures contracts	**–**	4,678,325.00
– Changes in fair value of forward exchange contracts	**21,171,290.63**	–
3. Gains (loss) from changes in fair value of gold leases measured in fair value and gold future contracts	**7,604,800.00**	–
– Changes in fair value of gold future contracts	**10,962,000.00**	5,560,000.00
– Changes in fair value of gold leases	**(3,357,200.00)**	(5,560,000.00)
Total	**39,243,074.12**	4,678,325.00

48. Investment income

(1) *Breakdown of investment income*

RMB

Item	Amount for the Period	Amount for the Prior Period (Unaudited)
Income from long-term equity investments under equity method	**24,645,102.66**	53,467,708.20
Investment income and wealth management products of banks	**82,731,219.58**	37,331,950.91
Derivative instruments not designated as hedge instruments	**(5,530,860.00)**	2,318,297.02
– Gains (loss) from liquidation of commodity futures contracts	**(5,530,860.00)**	2,318,297.02
Investment income resulting from disposal of subsidiary	**–**	281,589,659.86
Total	**101,845,462.24**	374,707,615.99

(2) *Income from long-term equity investments under equity method:*

RMB

Unit under investment	Amount for the Period	Amount for the Prior Period (Unaudited)	Reasons for Increase or Decrease in the Current Period Compared to the Prior Period
Yulu Mining	**46,679,449.06**	79,174,050.09	Change in net profits of the invested company
Luoyang High-Tech	**(3,927,491.71)**	(3,106,350.47)	Change in net profits of the invested company
Fuchuan Mining	**(18,106,854.69)**	(22,599,991.42)	Change in net profits of the invested company
Total	**24,645,102.66**	53,467,708.20	Change in net profits of the invested company

There are no significant restrictions on the repatriation of the Group's investment income.

The investment income of the current and the previous periods is generated from unlisted investment.

49. Non-operating income

(1) *Particulars of non-operating income are as follows:*

RMB

Item	Amount for the Period	Amount for the Prior Period (Unaudited)
Gains on disposal of non-current assets	**365,515.38**	160,882.21
Including: Gains on disposal of fixed assets	**365,515.38**	160,882.21
Government grants	**15,518,582.20**	11,414,819.90
Others	**562,185.87**	683,573.93
Total	**16,446,283.45**	12,259,276.04

(2) *Particulars of major government grants*

RMB

Item	Amount for the Period	Amount for the Prior Period (Unaudited)	Related to Assets/Income
The Central Mineral Resources Efficient Utilization Demonstration Base Subsidy	**15,126,225.00**	10,777,700.00	Related to income
Others	**392,357.20**	637,119.90	
Total	**15,518,582.20**	11,414,819.90	

50. Non-operating expenses

RMB

Item	Amount for the Period	Amount for the Prior Period (Unaudited)
Total losses from disposal of non-current assets	**38,880,761.70**	49,068,268.76
Including: Loss disposal of fixed assets	**38,880,761.70**	49,068,268.76
External donations	**16,043,584.00**	3,052,000.00
Others	**2,841,792.80**	2,069,688.39
Total	**57,766,138.50**	54,189,957.15

51. Income tax expenses

RMB

Item	Amount for the Period	Amount for the Prior Period (Unaudited)
Current Income tax calculated according to tax laws and relevant requirements	**143,979,203.04**	318,630,851.63
Differences arising on settlement of income tax for the previous years	**(38,104,388.98)**	(83,587,041.72)
Adjustments to deferred income tax	**(151,916,877.72)**	(3,699,292.21)
Total	**(46,042,063.66)**	231,344,517.70

The adjustment table of Income tax expense and accounting profit is as below:

RMB

	Amount for the Period
Accounting profit	**391,453,791.47**
Income tax expenses calculated at a tax rate of 15% (prior period: 15%)	**58,718,068.72**
Tax impact of not expense deductible expense	**13,677,211.84**
Tax impact of tax free income/extra deductible expense	**(26,164,842.43)**
Tax impact of utilisating deductible loss and deductible temporary difference previously not recognised	**(119,691,654,68)**
Tax impact of unrecognised deductible loss and deductible temporary difference	**48,378,425.75**
Impact of different tax rate in subsidiaries in other jurisdictions	**17,145,106.12**
Difference arising on settlement of income tax for the previous years	**(38,104,388.98)**
Total	**(46,042,063.66)**

52. Calculation of basic earnings per share and diluted earnings per share

When calculating basic earnings per share, net profit attributable to ordinary shareholders for the period is as follows:

RMB

	Amount for the Period	Amount for the Prior Period (Unaudited)
Net profit attributable to ordinary shareholders for the period	**463,024,467.83**	1,004,883,580.25

In calculating the basic earnings per share, the denominator is the weighted average number of the issued and outstanding ordinary shares and the calculation process is set out below:

RMB

	Amount for the year	Amount for the Prior Period (Unaudited)
Number of ordinary shares issued and outstanding at the beginning of period	**5,076,170,525**	5,076,170,525
Add: Weighted average number of ordinary shares issued during the period	**5,713,100**	–
Weighted average number of ordinary shares issued and outstanding at the end of period	**5,081,883,625**	5,076,170,525

Earnings per share

RMB

	Amount for the Period	Amount for the Prior Period (Unaudited)
Calculated based on net profit attributable to parent company shareholders:		
Basic earnings per share	**0.09**	0.20
Diluted earnings per share *(Note)*	**0.09**	N/A

Note: The outstanding potential ordinary shares of the Company had no dilution effect during the period.

53. Notes to the cash flow statement

(1) Other cash received related to operating activities

RMB

Item	**Amount for the Period**	Amount for the Prior Period (Unaudited)
Receipts of compensation and penalties	**–**	924,122.32
Receipts of interest income	**158,886,821.24**	48,497,245.80
Government grants	**24,383,529.82**	29,526,635.58
Others	**562,185.87**	10,398,349.84
Total	**183,832,536.93**	89,346,353.54

(2) *Other cash payments related to operating activities*

RMB

Item	Amount for the Period	Amount for the Prior Period (Unaudited)
Payments for consulting fee, technology development fee and transportation fee, etc.	**11,987,143.45**	47,399,714.51
Payments of donations and penalties, etc.	**16,043,584.00**	3,032,000.00
Payments of Bank charges, etc.	**15,593,406.78**	251,977.90
Others	**2,841,792.80**	20,800,702.02
Total	**46,465,927.03**	71,484,394.43

(3) *Other cash received related to investment activities*

RMB

Item	Amount for the Period	Amount for the Prior Period (Unaudited)
Investment funds recovered	–	11,000,000.00
Advance receipts on disposal of subsidiaries	–	160,000,000.00
Total	–	171,000,000.00

(4) *Other cash payments related to investment activities*

RMB

Item	Amount for the Period	Amount for the Prior Period (Unaudited)
Handling fees paid for futures transaction	–	26,841.16
Total	–	26,841.16

(5) *Other cash received related to financing activities*

RMB

Item	Amount for the Period	Amount for the Prior Period (Unaudited)
Cash receipts for gold leases business	**898,822,190.00**	467,160,454.00
Total	**898,822,190.00**	467,160,454.00

(6) *Other cash payments related to financing activities*

RMB

Item	Amount for the Period	Amount for the Prior Period (Unaudited)
Cash paid for gold leasing business	**472,814,000.00**	356,963,220,000
Commission charge related to gold leasing business	**18,239,165.48**	14,809,387.24
Commission charge related to issue of letter of guarantee for loan business	**20,929,251.63**	23,037,799.84
Total	**511,982,417.11**	394,810,407.08

54. Supplementary information to cash flow statement

(1) Supplementary information to cash flow statement

RMB

Supplementary Information	Amount for the Period	Amount for the Prior Period (Unaudited)
1. Reconciliation of net profit to cash flows from operating activities:		
Net Profit	**437,495,855.13**	993,342,366.12
Add: Provision for impairment of assets	**167,418,449.46**	60,241,986.39
Depreciation of fixed assets	**303,390,761.50**	293,818,475.72
Intangible asset amortization	**92,830,541.11**	93,316,699.60
Amortization of long-term deferred expenses	**6,237,363.65**	20,169,764.07
Loss of disposal of fixed assets, intangible attests and other long-term investments	**38,515,246.32**	48,907,386.55
Gains from changes in fair value	**(39,243,074.12)**	(4,678,325.00)
Financial expenses	**288,517,265.90**	55,375,977.78
Investment income	**(101,845,462.24)**	(374,707,615.99)
Decrease of deferred tax assets	**(151,916,877.72)**	(83,587,041.72)
Decrease/(increase) of inventories	**(230,685,800.18)**	331,996,096.29
Decrease in operating receivable items (Increase is indicated by "-")	**441,965,677.48**	(165,206,282.59)
Increase in operating payable items (Decrease is indicated by "-")	**220,795,568.02**	(43,463,868.59)
Deferred income amortization	**(15,518,582.20)**	(11,414,819.90)
Increase of special reserves (Decrease is indicated by "-")	**(58,160,972.21)**	45,484,503.10
Decrease of restricted bank deposits (Increase is indicated by "-")	**(150,500,000.00)**	(15,564,729.92)
Net cash flow from operating activities	**1,249,295,959.90**	1,244,030,571.91
2. Significant investment and financing activities not involving cash:		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	**3,730,568,821.65**	3,381,163,578.78
Less: Opening balance of cash	**774,781,044.71**	1,704,583,230.33
Add: Closing balance of cash equivalents	**–**	350,000,000.00
Less: Opening balance of cash equivalents	**4,850,800,000.00**	100,000,000.00
Net increase (decrease) in cash and cash equivalents	**(1,895,012,223.06)**	1,926,580,348.45

(2) *Constitution of cash and cash equivalents*

RMB

Item	Closing Balance	Opening Balance
I. Cash	**3,730,568,821.65**	774,781,044.71
Including: Cash on hand	**364,360.45**	427,474.82
Bank deposits always available for payment	**3,730,204,461.20**	774,353,569.89
Other monetary funds always available for payment	**–**	–
II. Cash equivalents	**–**	4,850,800,000.00
III. Closing balance of cash and cash equivalents	**3,730,568,821.65**	5,625,581,044.71

The cash and cash equivalents do not include the restricted cash and cash equivalents of the Company and its subsidiaries.

55. Foreign currency monetary item

(1) *Foreign currency monetary items*

RMB

Item	Closing balance of foreign currency	Exchange Rate Convert	Closing balance of foreign currency translated into RMB
Bank balances and cash			
Including: USD	**266,525,494.88**	6.12	1,632,168,943.81
JPY	**3,677,215.00**	0.05	184,811.92
HKD	**543,063,147.04**	0.79	432,049,971.85
AUD	**7,188,679.83**	4.72	33,955,436.32
EUR	**61,468.84**	6.87	422,284.78
RMB	**39,388.33**	1.00	39,388.33
Short-term borrowings			
Including: USD	**177,500,000.00**	6.11	1,085,164,000.00
EUR	**44,000,000.00**	6.87	302,275,600.00
Long-term borrowings			
Including: EUR	**264,287,822.88**	6.80	1,798,168,212.77
Non-current liabilities due within one year			
Including: EUR	**18,000,000.00**	6.80	122,468,857.92

(VI) EQUITY IN OTHER ENTITIES

1. Equity of subsidiaries

(1) Constitution of the Corporation

Name of Subsidiary	Main Business Site	Registration Place	Nature of Business	Percentage of Shareholding (%) Direct	Indirect	Acquisition Method
China Molybdenum Refining Co., Ltd (洛陽欒川鉬業集團冶煉有限責任公司) ("**Refining**")	China	Luanchuan, Henan	Smelting and sales of mineral products	100.00	–	Investment for incorporation
China Molybdenum Molybdenum & Tungsten Sales Co., Ltd. ("**Sales Company**")	China	Luanchuan, Henan	Sales of mineral products	100.00	–	Investment for incorporation
Luoyang Dachuan Molybdenum & Tungsten Technology Co., Ltd. (洛陽大川鉬鎢科技有限責任公司) ("**Dachuan**")	China	Luanchuan, Henan	Processing and sales of mineral products	100.00	–	Investment for incorporation
Luoyang Mudu International Hotel Co., Ltd. (洛陽鉬都國際飯店有限公司) ("**International Hotel**")	China	Luoyang, Henan	Hotel	100.00	–	Investment for incorporation
China Molybdenum Tungsten Co., Ltd. (洛陽欒川鉬業集團鎢業有限公司) ("**Tungsten**")	China	Luanchuan, Henan	Smelting and sales of mineral products	100.00	–	Investment for incorporation
China Molybdenum Precious Metals Investment Co. Ltd. (洛陽鉬業集團貴金屬投資有限公司) ("**Precious Metals**")	China	Luoyang, Henan	Processing and sales of mineral products	100.00	–	Investment for incorporation
China Molybdenum (Hong Kong) Company Limited (洛陽鉬業（香港）有限公司) ("**Hong Kong Company**")	Hong Kong, China	Hong Kong	Sales of mineral products	100.00	–	Investment for incorporation
China Molybdenum Metal Material Company Limited (洛陽鉬業集團金屬材料有限公司) ("**Metal Material**")	China	Luoyang, Henan	Processing and sales of mineral products	100.00	–	Investment for incorporation
Luoyang Yongning Gold & Lead Refining Co., Ltd. (洛陽永寧金鉛冶煉有限公司) ("**Yongning**") *(Note)*	China	Luoning, Henan	Lead refining, purchase and sale of minerals	–	75.00	Investment for incorporation
Xinjiang Luomu Minging Co., Ltd. (新疆洛鉬礦業有限公司) ("**Xinjiang Luomu**")	China	Xinjiang	Purchase and sale of minerals	70.00	–	Investment for incorporation
China Molybdenum Sales Co., Ltd. (洛陽欒川鉬業集團銷售有限公司) ("**Sales Company**")	China	Luanchuan, Henan	Sales of mineral products	100.00	–	Investment for incorporation
CMOC Co., Ltd. ("**Hong Kong CMOC**")	Hong Kong, China	Hong Kong	Investment for shareholding	100.00	–	Investment for incorporation
CMOC Mining Pty Limited ("**CMOC Mining**")	Australia	Australia	Mining, processing and sales of mineral products	–	100.00	Investment for incorporation
CMOC Mining Services Pty. Limited("**CMOC services**")	Australia	Australia	Mineral services	–	100.00	Investment for incorporation
Luanchuan Huqi Mining Company Limited (欒川縣滬七礦業有限公司) ("**Huqi**")	China	Luanchuan, Henan	Smelting and sales of mineral products	100.00	–	
Luanchuan Fu Kai Trading Co., Ltd. (欒川縣富凱商貿有限公司) ("**Fu Kai**")	China	Luanchuan, Henan	Purchase and sales of molybdenum and tungsten related products	100.00	–	
Luanchuan Qixing Mining Company Limited (欒川縣啟興礦業有限公司) ("**Qixing**")	China	Luanchuan, Henan	Smelting and sales of mineral products	90.00	–	
Luanchuan Furun Minging Co., Ltd. (欒川縣富潤礦業有限公司) ("**Furun**")"	China	Luanchuan, Henan	Smelting and sales of mineral products	100.00	–	Investment for incorporation
Luanchuan County Dadongpo Tungsten & Molybdenum Co., Ltd. (欒川縣大東坡鎢鉬礦業有限公司) ("**Dadongpo**")	China	Luanchuan, Henan	Smelting and sales of mineral products	51.00	–	Investment for incorporation

Name of Subsidiary	Main Business Site	Registration Place	Nature of Business	Percentage of Shareholding (1%) Direct	Indirect	Acquisition Method
欒川縣九揚礦業有限公司Luanchuan County Jiuyang Mining Co., Ltd (Jiuyang)	China	Luanchuan, Henan	Smelting and sales of mineral products	51.00	–	Business combinations involving enterprises under common control
欒川縣三強鉬鎢有限公司Luanchuan County Sanqiang Molybdenum & Tungsten Co., Ltd. ("**Sanqiang**")	China	Luanchuan, Henan	Smelting and sales of mineral products	51.00	–	Business combinations not involving enterprises under common control
Luoyang Mudulihao Sales Co., Ltd. ("**Mudulihao**") 洛陽市鉬都利豪商貿有限公司("鉬都利豪")	China	Luoyang, Henan	Hotel management	–	100.00	Investment for incorporation
施莫克（上海）國際貿易有限公司CMOC Trading (Shanghai) Co., Ltd. ("**Shimoke**")	China	Shanghai	Import and export of goods and technology	100.00	–	Investment for incorporation
CMOC Mining USA LTD ("CMOC USA ")	USA	USA	Consulting services	–	100.00	Investment for incorporation
Shanghai Ruichao Investment Co., Ltd. (Ruichao) 上海睿朝投資有限公司("睿朝")	China	Shanghai	Consulting, corporation planning, management	–	100.00	Investment for incorporation
CMOC Investment (Tibet) Co., Ltd. (CMOC Tibet) 西藏施莫克投資有限公司 ("西藏施莫克")	China	Tibet	Consulting, assets management, sales	–	100.00	Investment for incorporation
Upnorth Investment Limited ("**Upnorth**")	China	BVI	Investment for shareholding	–	100.00	Investment for incorporation

Note: According to the capital increase and debt restructuring agreement signed on 18 May 2015 between CMC Precious Metals, Yongning and the third party Dinglong Mining. Dinglong Mining will hold 99.187% of equity, while CMC Precious Metals, 0.610%. and Yongning will be no longer a subsidiary of the Group. On 7 August 2015, the parties have completed capital increase and debt restructuring and the registration of relevant industry and commerce change according to the agreement.

(2) Significant non-wholly-owned subsidiary

RMB

Name of Subsidiary	Minority Shareholder Proportion	Profit or Loss Attributable to Minority of Current Period	Dividends Declared to Minority Shareholders for the Period	Closing Balance of Minority Interests
Luoyang Yongning Gold & Lead Refining Co., Ltd. (洛陽永寧金鉛冶煉有限公司)	25%	–	–	(9,968,434.56)

(3) *Major financial information of Significant non-wholly-owned subsidiaries*

RMB

Name of Subsidiary	Closing Balance Current Assets	Non-current Assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities	Opening Balance Current Assets	Non-current Assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities
Yongning	**68,273,254.38**	**262,508,573.94**	**330,781,828.32**	**(665,118,257.21)**	**(5,045,940.00)**	**(670,164,197.21)**	93,649,844.23	314,529,515.81	408,179,360.04	(671,125,717.73)	(5,164,668.00)	(676,290,385.73)

RMB

Name of Subsidiary	Amount for the Period Operating Income	Net Loss	Total Comprehensive Income	Cash Flows from Operating Activities	Amount for the Prior Period (Unaudited) Operating Income	Net Loss	Total Comprehensive Income	Cash Flows from Operating Activities
Yongning	**16,241,015.68**	**(62,580,018.62)**	**(62,580,018.62)**	**(716,902.91)**	408,644,489.78	(241,639,174.33)	(241,639,174.33)	21,676,076.72

2. Investment in associates and associates

(1) *Significant joint ventures or associates*

Names of Joint Ventures or Associates	Major place of business	Registration Place	Nature of Business	Percentage of Shareholding *(1%)* Direct	Indirect	Accounting treatment of investment in joint ventures or associates
Luoyang High Tech Molybdenum & Tungsten Materials Co., Ltd. ("High-Tech")	Luoyang, Henan	Luoyang, Henan	Processing and sales of mineral products	50%	–	Under equity method
Xuzhou Huanyu Molybdenum Co., Ltd. ("**Huanyu**") *(Note 1)*	Xuzhou, Jiangsu	Xuzhou, Jiangsu	Investment	50%	–	Under equity method
Luoyang Yulu Mining Co., Ltd. ("**Yulu Mining**") *(Note 2)*	Luoyang, Henan	Luoyang, Henan	Smelting and sales of mineral products	40%	–	Under 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 Fu Kai, 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.

(2) *Main financial information of significant joint ventures*

RMB

Name of Joint Ventures	Closing Balance Luoyang High-Tech	Closing Balance Huanyu *(Note)*	Opening Balance Luoyang High-Tech	Opening Balance Huanyu
Current Assets	**90,763,893.05**	**215,053,831.05**	84,140,060.30	209,862,823.27
Including: cash and cash equivalents	**7,702,414.33**	**14,525,121.29**	18,554,604.20	3,634,838.64
Non-current Assets	**340,127,617.45**	**2,840,234,484.16**	341,491,751.65	2,832,537,349.79
Total Assets	**430,891,510.50**	**3,055,288,315.21**	425,631,811.95	3,042,400,173.06
Current Liabilities	**15,215,847.22**	**758,861,665.43**	2,101,165.25	716,171,299.42
Non-Current Liabilities	**–**	**–**	–	–
Total Liabilities	**15,215,847.22**	**758,861,665.43**	2,101,165.25	716,171,299.42
Minority interests	**–**	**6,891,322.13**	–	14,206,455.25
Total equity interest attributable to parent company	**415,675,663.28**	**2,289,535,327.65**	423,530,646.70	2,312,022,418.40
Net assets shares calculated by percentage of shareholding	**207,837,831.64**	**1,144,767,663.82**	211,765,323.35	1,156,011,209.20
Adjusted items	**–**	**4,575,727.59**	–	11,439,036.90
Carrying amount in the investment of joint ventures equity	**207,837,831.64**	**1,149,343,391.41**	211,765,323.35	1,167,450,246.10
Fair value of the joint venture investment with public offer	**N/A**	**N/A**	N/A	N/A

	Amount for the Period		Amount for the Prior Period (Unaudited)	
Operating Income	**75,388,395.10**	**504,144.66**	58,048,581.52	556,264.56
Financial expenses	**(341,541.46)**	**18,006,033.57**	(120,856.43)	(16,923,910.65)
Income Tax Expense	**–**	**(13,682,342.00)**	2,088,348.56	16,145,029.37
Net profit (loss)	**(7,854,983.42)**	**(38,525,222.74)**	(6,212,700.93)	(48,085,088.12)

RMB

Name of Joint Ventures	Amount for the Period Luoyang High-Tech	Amount for the Period Huanyu *(Note)*	Amount for the Prior Period (Unaudited) Luoyang High-Tech	Amount for the Prior Period (Unaudited) Huanyu
Discontinued operation net profit	**–**	**–**	–	–
Other comprehensive income	**–**	**–**	–	–
Total Comprehensive Income	**(7,854,791.83)**	**(41,241,058.68)**	(20,431,846.55)	(48,085,088.12)
Dividends recieved from joint ventures for the period	**–**	**–**	–	–

Note: Huanyu, a joint venture of the Group, holds 90% of equity interest in Fuchuan. Meanwhile, the Group holds indirectly by its subsidiary, Fu Kai, 10% of equity interest in Fuchuan.

(3) *Main financial information of significant associates*

RMB

Yulu Mining	Closing Balance	Opening Balance
Current Assets	**138,100,219.98**	191,135,874.23
Including: cash and cash equivalents	**414,120.64**	557,250.06
Non-current Assets	**68,589,594.75**	71,044,904.04
Total Assets	**206,689,814.73**	262,180,778.27
Current Liabilities	**22,435,976.61**	25,785,838.26
Non-Current Liabilities	**5,500,000.00**	6,000,000.00
Total Liabilities	**27,935,976.61**	31,785,838.26
Minority interests	**–**	–
Total equity interest attributable to parent company	**178,753,838.12**	230,394,940.01
Net assets shares calculated by percentage of shareholding	**71,501,535.25**	92,157,976.00
Adjusted items	**8,028,266.14**	13,192,376.33
Carrying amount in the investment of associates	**79,529,801.39**	105,350,352.33
Fair value of the joint venture investment with public offer	**N/A**	N/A

RMB

Yulu Mining	Amount for the Period	Amount for the Prior Period (Unaudited)
Operating Income	**178,244,755.61**	281,167,010.62
Financial expenses	**(229,934.54)**	5,215,383.50
Income Tax Expense	**(31,169,133.48)**	(53,107,582.85)
Net Profit	**93,358,898.11**	158,348,100.15
Discontinued operation net profit	**–**	–
Other comprehensive income	**–**	–
Total Comprehensive Income	**93,358,898.11**	158,348,100.15
Dividends received from associates for the period	**72,500,000.00**	197,000,000.00

3. Significant joint operation

(1) *Significant joint operation*

Name of Joint Control Operation	Main Business Site	Registration Place	Nature of Business	Shareholding Proportion/ Entitled Shares (%)	
				Direct	Indirect
Nothparkes Joint Venture ("**NJV**")	Australia	Australia	Exploitation of copper and gold mines	–	80%

Northparkes Joint Venture, a unincorporated joint venture, is a joint control 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 Goonumbla, situated in the northwest of the town of Parkes in New South Wales, Australia. The Northparkes mines started operation 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% interest is held by Sumitomo Metal Mining Oceania Pty Ltd (SMM) and SC Mineral Resources Pty Ltd (SCM).

Pursuant 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, while the joint venturers as joint controllers of Northparkes Joint Venture jointly control the operation of Northparkes mines and are entitle to and responsible for the assets and liabilities related to the relevant joint venture agreements of Northparkes mine according to their respective proportion. The joint venturers have agreed to protect the rights of individual joint venturers in the event of default by any other joint venture, so as to ensure the interest of all parties (including their respective shares of the production volume).

(2) *Financial information of significant joint operation*

As of 30 June 2015, the assets and liabilities and operation of Northparkes Joint Venture are as follows:

RMB: yuan

Item	Amount for the Period	Amount for the Prior Period (Unaudited)
Net shares of operative costs	**383,439,552.67**	454,886,967.62

Item	As of 30 June 2015	As of 31 December 2014
Entitled total assets shares	**2,048,704,666.32**	2,287,558,513.24
Total liabilities shares	**303,661,374.94**	351,617,226.08

(VII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's major financial instruments include monetary funds, financial assets held for trading, available-for-sale financial assets, accounts receivable, other receivables, financial liabilities held for trading, accounts payable, bills payable, other payables, borrowing and bonds payables and etc. For details of all the financial instruments, please see Note (V). The risks associated with these financial instruments as well as risk management policies adopted by the Group to reduce the risks are as below. The Group's management to manage and monitor the risk exposure to ensure the above risks are controlled in a limited scope.

1. Risk management goal and policy

The main business of the Group is mining. The Group only sells self-produced products. In the long run, natural hedge operating in various ways help safeguard and stable earnings and cash flow. Hedging can be made by the financial derivatives or other forms of syntheses not used for such purpose. The Group does not buy or issue derivative financial instruments for the purpose of trading or speculating; nor to conduct such trades or speculative holding through the investment in associates.

The goal of the Group engaged in risk management is to balance between risks and benefits, to keep the impact of risks on the Group at the lowest level, and to maximize the interests of shareholders and other investors of equity. Based on such risk management goal, the Group's basic strategy of risk management is to determine and analyze all kinds of risks faced by the industry, set up appropriate bottom line to management risk, timely supervise various risks in a reliable way, and control them in a limited range.

1.1 Market risk

1.1.1 Foreign exchange risk

Foreign exchange risk refers to the risk of loss due to changes in exchange rate. This Group's foreign exchange risk is mainly associated with USD, HKD, AUD, EUR and JPY. The main business activities of domestic subsidiaries of the Group use RMB for quoting price and settling account. The subsidiaries in Australia of the Group mainly use USD/AUD for quoting price and settling account. As a result, the risk exposure of the Group due to exchange rate changes is not big. Foreign currency trading is investing and financing activities of domestic and Hong Kong subsidiaries using USD, EUR and JPY for quoting price and settling account and the AUD assets held by subsidiaries in Australia, which adopt USD as functioned currency.

On 30 June 2015, the assets and liabilities as described in the table below are balance of USD, HKD, AUD, EUR and JPY (already being converted into RMB). All the other assets and liabilities of the Group use recording currency for quoting price and settling account. The foreign exchange risk due to such assets and liabilities of foreign currency balance may impact the business performance of this Group.

RMB thousand

Item	Closing Amount	Opening Amount
USD		
Bank balances and cash	**1,632,169**	9,718
Short-term borrowings	**(1,085,164)**	(305,950)
Sub-total	**547,005**	(296,232)
HKD		
Bank balances and cash	**432,050**	23
Sub-total	**432,050**	23
AUD		
Bank balances and cash	**33,955**	37,762
Sub-total	**33,955**	37,762
EUR		–
Bank balances and cash	**422**	–
Short-term borrowings	**(302,276)**	–
Long-term borrowings	**(1,920,637)**	–
Sub-total	**(2,222,491)**	–
JPY		–
Bank balances and cash	**185**	–
Sub-total	**185**	–
RMB		
Bank balances and cash	**39**	–
Sub-total	**39**	–
Total	**(1,209,257)**	(258,447)

This Group pays close attention to the influence of exchange rate changes on its foreign exchange. The Group now has not taken any measures to avoid foreign exchange risk.

The following table details the sensitivity of this Group to 10% of the change of foreign exchanges rate from functional currency of related group entities (including: RMB, USD and HKD) to other foreign currencies. Internal reports to senior management adopt such ratio of 10% which represents the estimation of the management on the possible changes of foreign exchange rate. The Group's foreign exchange risk sensitivity analysis on the report date is based on the changes occured on the settlement date and throughout the whole reporting period. Positive refers to the pre-tax profit increase due to foreign currency appreciation of RMB against the USD bank loans. Negative refers to the pre-tax profit decrease due to foreign currency appreciation of RMB against the USD and HKD bank balances and cash. If RMB or USD depreciate when exchange these foreign currencies, it will have opposite impact on pre-tax profit.

RMB thousand

Item	Exchange Rate Change	Amount for the Period		Amount for the Prior Period	
		Impact on Profit	Impact on Shareholder's Equity	Impact on Profit	Impact on Shareholder's Equity
Entities which are denominated in RMB					
Pre-tax profit and equity	Depreciation of 10% of USD against RMB	**(9,847)**	**(9,847)**	29,623	29,623
	Depreciation of 10% of HKD against RMB	**(2)**	**(2)**	(2)	(2)
	Depreciation of 10% of EUR against RMB	**30,228**	**30,228**	–	–
Entities which are denominated in HKD					
Pre-tax profit and equity	Depreciation of 10% of USD against HKD	**(44,853)**	**(44,853)**	–	–
Entities which are denominated in USD					
Pre-tax profit and equity	Depreciation of 10% of AUD against USD	**(3,396)**	**(3,396)**	(3,776)	(3,776)
	Depreciation of 10% of HKD against USD	**(43,203)**	**(43,203)**	–	–
	Depreciation of 10% of EUR against USD	**192,021**	**192,021**	–	–
	Depreciation of 10% of JPY against USD	**(18)**	**(18)**	–	–
	Depreciation of 10% of RMB against USD	**4**	**4**	–	–

The management of the Group believes that closing foreign currency risk cannot reflect the risk of the duration. Sensitivity analysis cannot reflect inherent foreign currency risk.

1.1.2 Risk of interest rate-cash flow change risk

The Group the risks of financial instruments cash flow changes due to interest rate changes are mainly associated with the floating interest rate of bank loans and bank deposits. The Group pays close attention to the impact of interest rate changes to this Group's cash flow fluctuation risk.

Interest rate risk sensitivity analysis is based on the following assumptions:

- Market interest rate changes affect the interest income or expenses of financial instruments with a floating interest rate.
- Based on the market interest rates of balance sheet date, to calculate the fair value changes of derivatives and other financial assets and liabilities by discounted cash flow approach.

On the basis of the above assumption, in the case of other variables are constant, the pre-tax impact of the probable reasonable change of interest rates on profit and loss and equity is as follows:

RMB thousand

		Amount for the Period		Amount for the Prior Period	
Item	**Change of Interest Rate**	**Impact on Profit**	**Impact on Shareholder's Equity**	Impact on Profit	Impact on Shareholder's Equity
Profit and equity	Increase 50 base points of interest rate	**(8,023)**	**(8,023)**	(21,062)	(21,062)
Profit and equity	Decrease 50 base points of interest rate	**8,023**	**8,023**	21,062	21,062

1.1.3 Other price risk

The equity instrument investments held by the Group, including financial assets classified as available-for-sale and equity instrument investment of financial assets at fair value through the profit or loss, were measured at fair value at each balance sheet date. As at the end of the reporting period, the equity instrument investments held by the Group mainly comprise securities and funds, and the Groups therefore is exposed to the risk of the fluctuation of securities market price. If the equity instrument investments held by the Group increase or decrease by 5% while other variables remain the same, the interests of shareholders of the Group will increase or decrease by RMB193.3 million at the end of the year (excluding the impact of deferred income tax).

1.2 *Credit risk*

As at 30 June 2015, 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 the end of the period takes 51.34% of the amount of total accounts receivable (as at the end of last year: 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.

In terms of the credit risk due to other financial assets (other receivables), because the other party has good credit standing, the Group's credit risk on its outstanding payment is limited. It's expected that the Group will not have any major losses due to failure to withdraw such actual advances.

The Group's liquidity is deposited in high credit rating bank, so the credit risk of the liquidity is low.

1.3 *Liquidity risk*

In the management of liquidity risk, the Group maintain and monitor the cash and cash equivalents deemed sufficient by the management so as to meet the operation requirements of the Group and reduce the impact of cash flow. The management of the Group monitors the usage of bank loans and compliance of loan covanent.

According to the term to maturity of non-discounted and remaining contract obligations, the financial liabilities held by the Group are analyzed as below:

RMB thousand

30 June 2015	Within 1 Year	One to Two Years	Two to Five Years	Total
Borrowing	**4,780,109**	**2,256,196**	**1,739,977**	**8,776,282**
Financial liabilities at FVTPL	**1,422,625**	**–**	**–**	**1,422,625**
Bills payable	**545,520**	**–**	**–**	**545,520**
Accounts payable	**272,867**	**–**	**–**	**272,867**
Dividends payable	**1,041,118**	**–**	**–**	**1,041,118**
Other payables	**224,206**	**–**	**–**	**224,206**
Non-current liabilities due within one year	**45,848**	**–**	**–**	**45,848**
Other current liabilities	**46,297**	**–**	**–**	**46,297**
Bonds payable – medium term note	**98,800**	**98,800**	**2,098,800**	**2,296,400**
Bond payable – convertible corporate bond. *(Note)*	**4,427,008**	**–**	**–**	**4,427,008**
Total	**12,904,398**	**2,354,996**	**3,838,777**	**19,098,171**

RMB thousand

31 December 2014	Within 1 Year	One to Two Years	Two to Five Years	Total
Borrowing	950,575	2,434,924	1,911,733	5,297,232
Financial liabilities at FVTPL	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
Other non-current liabilities due within one year	45,848			45,848
Other current liabilities	16,652	–	–	16,652
Bonds payables	123,300	133,100	7,708,908	7,965,308
Total	2,765,960	2,568,024	9,620,641	14,954,625

Note: On 23 June 2015, the Company called the convertible corporate bonds for early redemption and redeemed on 9 July 2015 at 103% of the par value of the convertible bonds. Thus, in the disclosure of the above analysis of the term to maturity of financial liabilities, the convertible corporate bonds has been disclosed as current liabilities within one year according to the payable amount at redemption.

(VIII) DISCLOSURE OF FAIR VALUE

1. The closing fair value of financial assets and liabilities measured at fair value

RMB thousand

Item	Closing Fair Value Fair Value Measurement in the First Level	Fair Value Measurement in the Second Level	Fair Value Measurement in the Third Level	Total
I. Continuous fair value measurement				
(I) Financial assets measured at fair value and change included in the profit and loss for the period				
1. Financial assets held for trading				
– Equity instrument investment	2,010,466	–	–	2,010,466
– Derivative financial assets not designated as hedge instruments	–	21,171	–	21,171
(II) Available-for-sale financial assets;				
– Equity instrument investment	211,825	1,643,702	–	1,855,527
The total assets measured continuously at fair value	2,222,291	1,664,873	–	3,887,164
(III) Financial liabilities held for trading				
– Derivative financial assets not designated as hedge instruments	–	28,256	–	28,256
– Liabilities caused by gold leasing measured at fair value	1,394,369	–	–	1,394,369
Total liabilities measured continuously at fair value	1,394,369	28,256	–	1,422,625

2. Determination basis of item market price measured at continuous first level fair value

The item measured at continuous first level fair value is assets related to open equity funds and equity instruments and liabilities related to gold leasing. The fair value is determined by reference to quoted price in active markets.

3. Determination basis of item market price measured at continuous second level fair value

The item measured at continuous second level fair value is assets held by asset management plan, forward foreign exchange contracts and gold lease liabilities which is measured on discounted cash flow. The main input value mainly includes the quoted price of similiar items at Shanghai Gold Exchange.

4. Item measured at continuous fair value. No transfer between each levels for the period. No appraisement technology change for the period.

5. Financial instruments not measured at fair value subsequently

The Group's management has assessed monetary funds, Bills receivable, Accounts receivable, Interest receivable, Dividends receivable, other receivables, short-term borrowings, Bills payable, Accounts payable, receipts in advance, Dividends payable, Interest payable, other payables, and non-current liabilities due within 1 year (long-term borrowings) and so on. Due to the short remaining term, the fair value is close to the carrying amount.

The Group does not adopt fair value for follow-up measurement of long-term financial assets and financial liabilities, including long-term borrowings and bonds payable. The Group's long-term debts interest rate of floating interest rate is related to market interest rates.

(IX) RELATED PARTIES AND CONNECTED TRANSACTIONS

1. Information on the parent company of the Company

Name of Parent Company	Registration Place	Nature of Business	Registered Capital:	Percentage of Shareholding of Parent Company	Percentage of Voting Right of Parent Company to the Company
Cathay Fortune Corporation	Shanghai	Management of investment	RMB181.8182 million	36.01%	36.01%

On 12 January, 2014, the Company received the Letter of Notification of the Change in the Controlling Right of China Molybdenum Co., Ltd. (《關於洛陽欒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 Cathy Fortune Investment in the secondary market, its wholly-owned subsidiary in Hong Kong, 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 exceeded that of LMG which holds 1,776,594,475 shares of the Company, representing approximately 35.01% of the total share capital of the Company. Hence, CFC becomes 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. LMG confirmed that it no longer has a controlling right of the Company and has no intention to increase its shareholding of the Company. Hence, the de facto controller of the Company had changed into CFC.

2. Information on the Subsidiary Company

For details of subsidiaries, please see Note (VI), 1.

3. Information on Joint Venture of the Company

For details of the joint ventures and associates, please see Note (VI), 2.

The information on other joint ventures or associates which have connected transactions with the Group in the current period or the previous period and with balance is as follows:

Names of Joint Ventures or Associates	Relationships with the Company
High-Tech	Joint venture
Fuchuan Mining	Joint venture
Yulu Mining	Associated venture

4. Information on other related parties

Name of Other Related Companies	Relationship between Other Related Parties and the Company
LMC	Shareholder
CFC	Shareholder

5. Related party transactions

(1) *Related parties' transaction of selling and purchasing commodities and providing and receiving labor services*

List of commodities sold:

RMB

Related Parties	Content of Connected Transactions	Amount for the Period	Amount for the Prior Period (Unaudited)
High-Tech	Product sales	**8,260,683.78**	–

(2) *Security of related parties*

Secured Party	Secured Amount	Inception Date of Guarantee	Due Date of Guarantee *(Note)*	Whether the Performance of Guarantee is Completed
Fuchuan Mining	RMB148.5 Million	23 May 2014	22 May 2017	No
Fuchuan Mining	RMB27.5 Million	31 July 2014	30 July 2017	No
Fuchuan Mining	RMB55 Million	4 August 2014	3 August 2017	No

Note: The Company provided guarantee for the bank borrowing of Fuchuan Mining, our joint venture. The period of Guarantee is from the day when the loan contract comes into effect to two years after the end of debt discharge.

(3) *Asset transfer of related parties*

RMB

Related Parties	Content of Connected Transactions	Amount for the Period	Amount for the Prior Period (Unaudited)
Yulu Mining	Land use right and surface structures	–	1,603,578.96

(4) *Remuneration of key management*

RMB thousand

Project Name	Amount for the Period	Amount for the Prior Period (Unaudited)
Remuneration of key management	**1,665**	2,906

6. Accounts due from and to related parties

RMB

Item	Name of related party	Closing Balance Book Balance	Closing Balance Bad Debt Provision	Opening Balance Book Balance	Opening Balance Bad Debt Provision
Accounts receivable	High-Tech	**1,126,726.11**	**–**	–	–
Advance payments	Fuchuan	**1,360,060.60**	**–**	1,360,060.60	–
Other payables	Fuchuan	**735,776.21**	**–**	585,276.21	–

(X) UNDERTAKINGS AND CONTINGENCIES COMMITMENTS

1. Significant commitments

(1) *Capital commitments*

RMB thousand

	Closing Amount	Opening Amount
Contracted but not recognised in the financial statements:		
– Commitment for acquisition and construction of long-term assets	**195,502**	123,749
Capital commitments approved by the management but not contracted	**–**	–
Total	**195,502**	123,749

As of June 30, 2015, the Group has no other commitments that should be disclosed.

(2) *Operating lease commitments*

As of the balance sheet date, the information on irrevocable operating lease contracts that have been signed are as follows:

RMB thousand

	Closing Amount	Opening Amount
Minimum lease payment under the irrevocable operating lease:		
The first year after the balance sheet date	**119**	360
The second year after the balance sheet date	**4**	27
The third year after the balance sheet date	**–**	–
Subsequent years	**–**	–
Total	**123**	387

2. Contingency

(1) *Pending Litigation*

The Company received relevant documents from Luoyang Intermediate People's Court of Henan Province on 30 January 2013, about West Yangshuao Lead Mine of Luanchuan County (欒川縣楊樹凹西鉛礦) ("**Yangshuao**") sued that tailings pond constructed by the third ore dressing company, a subsidiary company of our Company in its ore district. Due to the increasing height of dam of the tailing pond, intrusion of tailing pond and increasing groundwater level, the mining equipment was destroyed and the mining project was dumped, making it impossible to exploit the discovered lead and zinc ore body, causing pecuniary loss of the plaintiff. Thus the plaintiff required the third ore dressing company to stop infringement and indemnify for the direct economic losses of about RMB18 million. As of 30 June, 2015, the court still accepted the submission of relevant litigation. According to the results of judicial authentication, the appraised value of the mining right in the litigation in respect of Yangshuao amounted to RMB1.724 million. The Company and its attorney reviewed all the evidence submitted by Yangshuao and reckoned it couldn't confirm the authenticity of infringement; if Yangshuao failed to submit new evidence to the court apart from the evidence on hand, the infringement claim was difficult to be supported by the court. Therefore, the Company believes that the litigation currently does not have a 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 interim financial statements.

(2) *Guarantee*

The NPM of the Group provides guarantees to various 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 RMB133.95 million) as of 30 June 2015. The owners of the joint venture agreed to assume the relevant responsibilities should the guarantees be called upon as a result of the operation of the business. As of 30 June 2015, no significant obligations were incurred on the guarantees.

The Company provided a capital-proportional guarantee of RMB231 million for a bank loan of RMB420 million for Fuchuan, a subsidiary of its joint venture Huanyu on proportionate basis. The term is from the date when the contract came into effect to two years after the expiration of the debt performance (see Note (IX), 5 (2)). the management of the Company are of the opinion that the financial guarantee has no significant impact on the Company's financial statements.

(XI) EVENTS AFTER THE BALANCE SHEET DATE

1. On 2 July 2015, the Board of Directors of the Company received "Proposals and Undertakings on the 2015 Interim Profit Distribution" (《關於2015年中期利潤分配的提議和承諾》) submitted by the major shareholder CFC, proposing mid-2015 profit distribution plan of the Company to take the total number of shares of the Company until 31 July 2015, as the base, and use the capital reserve to give all shareholders 20 shares for every 10 shares. CFC promised to vote for profit distribution plan on shareholders' meeting when auditing.

2. As of 9 July 2015, the Company has redeemed in full the balance of the unconverted bonds that have not been converted into share up to such date at a price of 103% of the par value, with nominal amount totaling RMB45.58 million accounting for 0.93% of the total convertible bonds issued by the Company. As a result, the conversion of corporate bonds results in 552,895,708 shares converted accumulatively accounting for 10.89% of the total shares issued by the Company therebefore. Upon such conversion, the total share capital of the Company has increased to 5,629,066,233 shares.

3. As described in Note (V) 8, according to the capital increase and debt restructuring agreement signed by CMC Precious Metals, Yongning and the third party Dinglong Mining, the parties have completed capital increase and debt restructuring and the registration of relevant industry and commerce change according to the agreement on 7 August 2015. Upon completion, Dinglong Mining will hold 99.187% of the share of Yongning and Precious Metal will hold 0.610% Yongning. Yongning will no longer be a subsidiary of the Group.

4. On 11 August 2015, the Company entered into "Equity Transfer Agreement of CMC Precious Metals Ltd." with Dinglong Mining. The Company agreed to transfer 100% of the shares of the subsidiary, Precious Metals to Dinglong Mining at a consideration of RMB10,000.

(XII) OTHER SIGNIFICANT ITEMS

1. Segment Reporting

(1) Determination basis and accounting policies for Segment Reporting

Management divided the Group's business into five operating segments, namely molybdenum tungsten related products, gold and silver related products, electrolytic lead, copper and gold-related products and others on the basis of the Group's internal organization structure, management requirements and internal reporting system. The Group's management evaluate the operating results of these segments regularly, in order to determine the allocation of resources and assess their performance.

These reporting segments are determined on the basis of internal management and reporting system. Information of segment reporting are disclosed according to segment accounting policies and measurement standards, the measurement basis of which are consistent with the accounting and measurement basis of financial statements.

(2) Financial information of reporting segments

RMB thousand

Current Period	Molybdenum and Tungsten Related Products	Gold and Silver Related Products	Electrolytic Lead	Copper and Gold Related Products (Australia)	Others	Unallocated	Inter-segment eliminations	Total
Operating revenue								
External revenue	1,270,172	–	–	816,328	182,757	–	–	2,269,257
Inter-segment revenue	–	–	–	–	–	–	–	–
Total segment operating revenue	1,270,172	–	–	816,328	182,757	–	–	2,269,257
Total operating revenue in the statements	1,270,172	–	–	816,328	182,757	–	–	2,269,257
Operating Costs	727,559	–	–	485,340	116,056	–	–	1,328,955
Business tax and surcharges	–	–	–	–	–	123,800	–	123,800
Selling expenses	–	–	–	33,616	–	9,769	–	43,385
Administrative expenses	–	–	–	2,122	–	150,643	–	152,765
Financial cost	–	–	–	43,081	–	118,167	–	161,248
Assets impairment loss	–	–	–	–	–	167,418	–	167,418
Plus: Gains (losses) from changes in fair value	–	–	–	–	–	39,243	–	39,243
Investment income	–	–	–	–	–	101,845	–	101,845
Segment operating profit	542,613	–	–	252,169	66,701	(428,709)	–	432,774
Operating profit in financial statements	542,613	–	–	252,169	66,701	(428,709)	–	432,774
Plus: Non-operating income	–	–	–	–	–	16,446	–	16,446
Less: Non-operating expenses	–	–	–	–	–	57,766	–	57,766
Total profit	542,613	–	–	252,169	66,701	(470,029)	–	391,454
Less: Income tax expense	–	–	–	6,134	–	(52,176)	–	(46,042)
Net Profit	542,613	–	–	246,035	66,701	(417,853)	–	437,496

RMB thousand

2014/1/1-2014/6/30	Molybdenum and Tungsten Related Products	Gold and Silver Related Products	Electrolytic Lead	Copper and Gold Related Products (Australia)	Others	Undistributed Projects	Inter-segment eliminations	Total
Operating revenue								
External revenue	1,921,872	268,055	214,720	1,066,095	235,523	–	–	3,706,265
Inter-segment revenue	–	–	–	–	–	–	–	–
Total segment operating revenue	1,921,872	268,055	214,720	1,066,095	235,523	–	–	3,706,265
Total operating revenue in the statements	1,921,872	268,055	214,720	1,066,095	235,523	–	–	3,706,265
Operating Costs	1,042,555	297,802	269,952	540,725	183,062	–	–	2,334,096
Business tax and surcharges	–	–	–	–	–	142,898	–	142,898
Selling expenses	–	–	–	39,125	–	13,198	–	52,323
Administrative expenses	–	–	–	9,289	–	164,808	–	174,097
Financial cost	–	–	–	45,322	–	10,054	–	55,376
Assets impairment loss	–	–	–	–	–	60,242	–	60,242
Add: Gains (losses) from changes in fair value	–	–	–	–	–	4,678	–	4,678
Investment income	–	–	–	–	–	374,707	–	374,707
Segment operating profit	879,317	(29,747)	(55,232)	431,634	52,461	(11,815)	–	1,266,618
Operating profit in financial statements	879,317	(29,747)	(55,232)	431,634	52,461	(11,815)	–	1,266,618
Add: Non-operating income	–	–	–	–	–	12,259	–	12,259
Less: Non-operating expense	–	–	–	–	–	54,190	–	54,190
Total profit	879,317	(29,747)	(55,232)	431,634	52,461	(53,746)	–	1,224,687
Less: Income tax expense	–	–	–	13,101	–	218,244	–	231,345
Net Profit	879,317	(29,747)	(55,232)	418,533	52,461	(271,990)	–	993,342

(3) The Group mainly operates in China and Australia, sales to clients based in China and other countries. The Group's geographical information on revenue was determined by the destination to where products are delivered.

RMB thousand

	Amount recognised for the Period	Amount recognised for the Prior Period (Unaudited)
Revenue		
China	**1,585,415**	2,994,233
Japan	**485,555**	675,870
Korea	**77,855**	11,171
Others	**120,432**	24,991
Total	**2,269,257**	3,706,265

(4) *External revenue by geographical area of source and non-current assets by geographical location.*

RMB thousand

Item	Amount recognised for the Period	Amount recognised for the Prior Period (Unaudited)
External revenue from China	**1,438,106**	2,626,300
External revenue from Australia	**831,151**	1,079,965
Sub-total	**2,269,257**	3,706,265

RMB thousand

Item	Closing Amount	Opening Amount
Non-current assets located in China	**8,213,204**	8,025,655
Non-current assets located in Australia	**4,668,056**	4,956,534
Sub-total	**12,881,260**	12,982,189

(5) *Scale of dependency on major clients*

There is no revenue from a single external customer who accounts for 10% or more of the total revenue.

2. Discontinued operations

Item	Revenue	Fees	Total Loss	Income Tax Expense	Net Loss	Net Profit for discontinued operations Attributable to Owners of the Parent Company
Yongning	16,351,146.09	78,931,164.71	(62,580,018.62)	–	(62,580,018.62)	(62,580,018.62)

As shown in Note (V). 8, on June 30, 2015, the operation of gold and silver related products and electrolytic lead business belonging to Yongning was discontinued.

(XIII) NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF PARENT COMPANY

1. Accounts receivable

Disclosure of accounts receivable by types:

RMB

Category	Closing Amount				Opening Amount			
	Book Balance		Bad Debt Provision		Book Balance		Bad Debt Provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Accounts receivable that are individually significant	**326,551,624.90**	**97.07**	**4,229,626.56**	**1.30**	232,110,982.80	96.27	4,229,626.57	1.82
Other insignificant Accounts receivable	**9,859,330.08**	**2.93**	**3,812,634.20**	**38.67**	9,002,283.60	3.73	3,812,634.19	42.35
Total	**336,410,954.98**	**100.00**	**8,042,260.76**	**2.39**	241,113,266.40	100.00	8,042,260.76	3.34

The Group recognises accounts receivable of over RMB5 million as accounts receivable that are individually significant.

2. Other receivables

Other receivables disclosed by type

RMB

Category	Closing Amount				Opening Amount			
	Book Balance		Bad Debt Provision		Book Balance		Bad Debt Provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other receivables that are individually significant	**3,096,949,711.24**	**99.28**	**495,000,000.00**	**15.98**	1,845,108,192.00	98.71	400,000,000.00	21.68
Other insignificant other receivables	**22,531,931.97**	**0.72**	**13,141,207.62**	**58.32**	24,065,512.99	1.29	14,451,543.90	60.05
Total	**3,119,481,643.21**	**100.00**	**508,141,207.62**	**16.29**	1,869,173,704.99	100.00	414,451,543.90	22.17

The Group recognises other receivables of over RMB5 million as other receivables that are individually significant.

3. Long-term equity investments

Details of long-term equity investments are as follows:

RMB

Name Of Investee	Initial Investment Cost	Closing Amount	Opening Amount
Equity method			
Yulu Mining	20,000,000.00	**79,529,801.39**	105,350,352.33
High-Tech	265,000,000.00	**207,837,831.63**	211,765,323.35
Huanyu	973,335,000.00	**869,308,236.68**	881,695,431.86
Cost method			
Refining	5,638,250.27	**5,638,250.27**	5,638,250.27
Dachuan	157,500,000.00	**17,500,000.00**	157,500,000.00
Xiao Shou Mao Yi	2,000,000.00	**2,000,000.00**	2,000,000.00
Dadongpo	33,483,749.86	**33,483,749.86**	33,483,749.86
Jiuyang	17,028,900.00	**17,028,900.00**	17,028,900.00
Sanqiang	28,294,800.00	**33,397,038.41**	33,397,038.41
International Hotel	210,000,000.00	**210,000,000.00**	210,000,000.00
Tungsten	100,000,000.00	**100,000,000.00**	100,000,000.00
Luomu Precious Metals *(Note 1)*	282,997,600.00	**282,997,600.00**	282,997,600.00
Hong Kong Company	0.96	**0.96**	0.96
Metal material	650,000,000.00	**650,000,000.00**	650,000,000.00
Furun	8,803,190.84	**8,803,190.84**	8,803,190.84
Xinjiang Luomu	980,000,000.00	**980,000,000.00**	980,000,000.00
Huqi	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 2)*	575,797,299.48	**638,797,299.48**	638,797,299.48
Schmocker	4,600,000.00	**500,000,000.00**	4,600,000.00
Subtotal of subsidiaries		**3,848,029,665.82**	3,492,629,665.82
Total		**5,004,705,535.52**	4,691,440,773.36
Less: Provision for impairment *loss (Note 1)*		**282,997,600.00**	282,997,600.00
Net amount of long-term equity investments		**4,721,707,935.52**	4,408,443,173.36

Note 1: The Company has made provision for impairment of full amount invested in precious metals based on the estimated recoverable amount of related investments in the future.

Note 2: RMB63,000,000 (31 December 2014: RMB63,000,000) is the fair value in relation to the financial guarantee provided by the Company for a long term bank loan amounting to US$239.5 million (31 December 2014: US$259.5 million) of CMOC Mining Pty Limited, a wholly-owned subsidiary of Hong Kong CMOC which held 100%, of its interests.

4. Operating income and operating costs

RMB

Item	Amount recognised in the Period	Amount recognised in the Prior Period (Unaudited)
Principal operating income	**1,124,134,775.59**	1,476,289,910.95
Other operating income	**24,537,838.38**	22,780,072.34
Principal operating cost	**499,231,965.12**	635,361,446.77
Other operating cost	**24,499,748.90**	24,523,968.66

5. Investment income

RMB

Item	Amount recognised in the Period	Amount recognised in the Prior Period (Unaudited)
Income from long-term equity investments under equity method	**30,364,762.16**	58,276,217.01
Dividends income from investee entity under cost method	**103,824,027.68**	154,728,858.78
Investment income from bonds and wealth management products of banks	**82,731,219.58**	–
Investment loss from disposal of held for trading financial assets	**(5,530,860.00)**	–
Investment gains from disposal of equity investment	**–**	349,986,855.16
Others	**–**	37,331,950.91
Total	**211,389,149.42**	600,323,881.86

(XIV) APPROVAL OF FINANCIAL STATEMENT

The Company's financial statements and the consolidated financial statements were approved by the Board and authorised for issue on 28 August 2015.

(XV) SUPPLEMENTARY INFORMATION

1. Breakdown of non-recurring profit or loss

RMB

Item	Amount
Net Profit	437,495,855.13
Add (less): Non-recurring profit or loss Items	
– Losses from disposal of non-current assets (profit)	38,515,246.32
– Government grants	(15,518,582.20)
– Investment income from wealth management products of banks	(82,731,219.58)
– Investment losses achieve from the disposal of held-for-trading financial assets	5,530,860.00
– Loss on changes in the fair value of held-for-trading financial assets	(39,243,074.12)
– Loss on impairment of assets classified as held for sale	148,583,665.66
– Other non-operating income or expenses other than the above	18,323,190.93
Sub-total	73,460,087.01
Impact of income tax for non-recurring profit or loss	(99,373,632.75)
Net profit excluded non-recurring profit or loss	411,582,309.39
Wherein: Net profit attributable to shareholders of the parent company	437,112,276.74
Net profit attributable to minority interestes	(25,529,967.35)

2. Return on Net asset 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 Earning per Share (Revised in 2010) issued by China Securities Regulatory Commission. (《公開發行證券公司資訊披露編報規則第09號- 淨資產收益率和每股收益的計算及披露》(2010年修訂)).

RMB

Profit during the reporting period	The Weighted Average Rate of Return on net assets *(%)*	EPS Basic EPS	EPS Diluted EPS
Net profit attributable to ordinary shareholders	3.15%	0.09	0.09
Net profit excluded non-recurring profit or loss attributable to ordinary shareholders	2.97%	0.09	0.09

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Li Chaochun *(Chairman)*
Li Faben

Non-Executive Directors

Ma Hui *(Vice Chairman)*
Yuan Honglin
Cheng Yunlei

Independent Non-Executive Directors

Bai Yanchun
Xu Shan
Cheng Gordon

SUPERVISORS

Kou Youmin *(Chairperson of the supervisory committee)*
Zhang Zhenhao
Wang Zhengyan

BOARD COMMITTEES

Remuneration Committee

Bai Yanchun *(Chairman)*
Yuan Honglin
Cheng Gordon

Audit Committee

Xu Shan *(Chairman)*
Yuan Honglin
Cheng Gordan

Strategic Committee

Li Chaochun *(Chairman)*
Li Faben
Yuan Honglin
Bai Yanchun

Nomination Committee

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

SUPERVISORY COMMITTEE

Kou Youmin *(Chairperson)*
Zhang Zhenhao
Wang Zhengyan

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

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

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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 – the 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
8. Ping An Bank Co., Ltd.

AUDITOR

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

LEGAL ADVISORS

As to Hong Kong law:

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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

COMPLIANCE ADVISER

First Shanghai Capital Limited[(1)]
19/F, Wing On House
71 Des Voeux Road Central, Central
Hong Kong

WEBSITE

www.chinamoly.com

Note:

(1) The contract between First Shanghai Capital Limited and the Company has expired on 21 February 2015.

DEFINITIONS

"CMOC" or the "Company"	洛陽欒川鉬業集團股份有限公司 (China Molybdenum Co., Ltd.*)
CFC	Cathay Fortune Corporation, a controlling shareholder of the Company
Cathay Hong Kong	Cathay Fortune Investment Limited, a wholly-owned subsidiary of the CFC
LMG	Luoyang Mining Group Co., Ltd., the second largest controlling shareholder of the Company
Guohong Group	Luoyang Guohong Investment Group Co., Ltd., holding 100% equity interests of LMG, a related party of the Company
Sales company	Luomu Group Sales Co., Ltd., a wholly-owned subsidiary of the Company
Luomu Precious Metals	Luomu Group Precious Metals Co. Ltd.
Yongning Gold & Lead	Luoyang Yongning Gold & Lead Refining Co., Ltd.
Dadongpo Company	Luanchuan County Dadongpo Tungsten & Molybdenum Co., Ltd., a controlling subsidiary of the Company
Xinjiang Luomu	Xinjiang Luomu Mining Co., Ltd., a controlling subsidiary of the Company
Huqi	Luanchuan Huqi Mining Company Limited*, a wholly-owned subsidiary of the Company
Huanyu	Xuzhou Huanyu Molybdenum Co., Ltd., a joint venture of the Company
Fuchuan Mining	Luoyang Fuchuan Mining Co., Ltd., a controlling subsidiary of Xuzhou Huanyu
Hong Kong CMOC	CMOC Limited (洛陽鉬業控股有限公司), a wholly-owned subsidiary of the Company registered in Hong Kong
High-Tech	Luoyang High Tech Molybdenum & Tungsten Materials Co., Ltd., a joint venture of the Company
Yulu Mining	Luoyang Yulu Mining Co., Ltd., a non wholly-owned subsidiary of the Company
Sandaozhuang Mine, Sandaozhuang Molybdenum Mine	a large molybdenum-tungsten mine located in Lengshui Town, Luanchuan County, Henan Province, the mine where the Company is carrying out major mining work at present
Shangfanggou Mine	a large molybdenum mine located in Lengshui Town, Luanchuan County, Henan Province, which is owned by Fuchuan Mining, a controlling subsidiary of Xuzhou Huanyu which is a joint venture of the Company
Xinjiang Mine	a large molybdenum mine located in East Gobi, Hami, Xinjiang, which is owned by Xinjiang Luomu, a controlling subsidiary of the Company
NPM, copper-gold mine in Northparkes, Northparkes copper-gold mine	copper-gold mine in Northparkes, situated at northwest of the town of Parkes in New South Wales, Australia, 80% equity of which was held by CMOC MINING PTY LIMITED as the manager, a wholly-owned subsidiary of the Company registered in Australia
Schmocker	Schmocker (Shanghai) International Trading Co., Ltd. (施莫克（上海）國際貿易有限公司), a wholly-owned subsidiary of the Company

SSE	the Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
Hong Kong Listing Rules	The Rules Governing the Listing of Securities on the Stock Exchange
"PRC" or "China"	the People's Republic of China, which for the purposes of this report only, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
CSRC	the China Securities Regulatory Commission
H Share(s)	Ordinary shares that are issued to foreign investors with the approval of the CSRC and listed on the Stock Exchange, and denominated in RMB, and subscribed and transacted in Hong Kong dollar
A Share(s)	Ordinary shares that are issued to domestic investors and qualified foreign investors with the approval of the CSRC and listed on the SSE, and denominated, subscribed and transacted in RMB
RMB	unless otherwise specified, Renminbi, the lawful currency of the PRC
"Open-pit" or "Open-pit Mining"	a method of surface mining, by which useful minerals could be exploited from the open pit
Pound	Imperial unit of weight; 1 pound approximately equals to 453.592g
Ounce	the unit of measurement specially used in the trading of gold and other precious metal commodity
MB	Metal Bulletin, a newspaper based in Britain
MW	Metals Weekly, a magazine based in the United States
APT	ammonium paratungstate

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