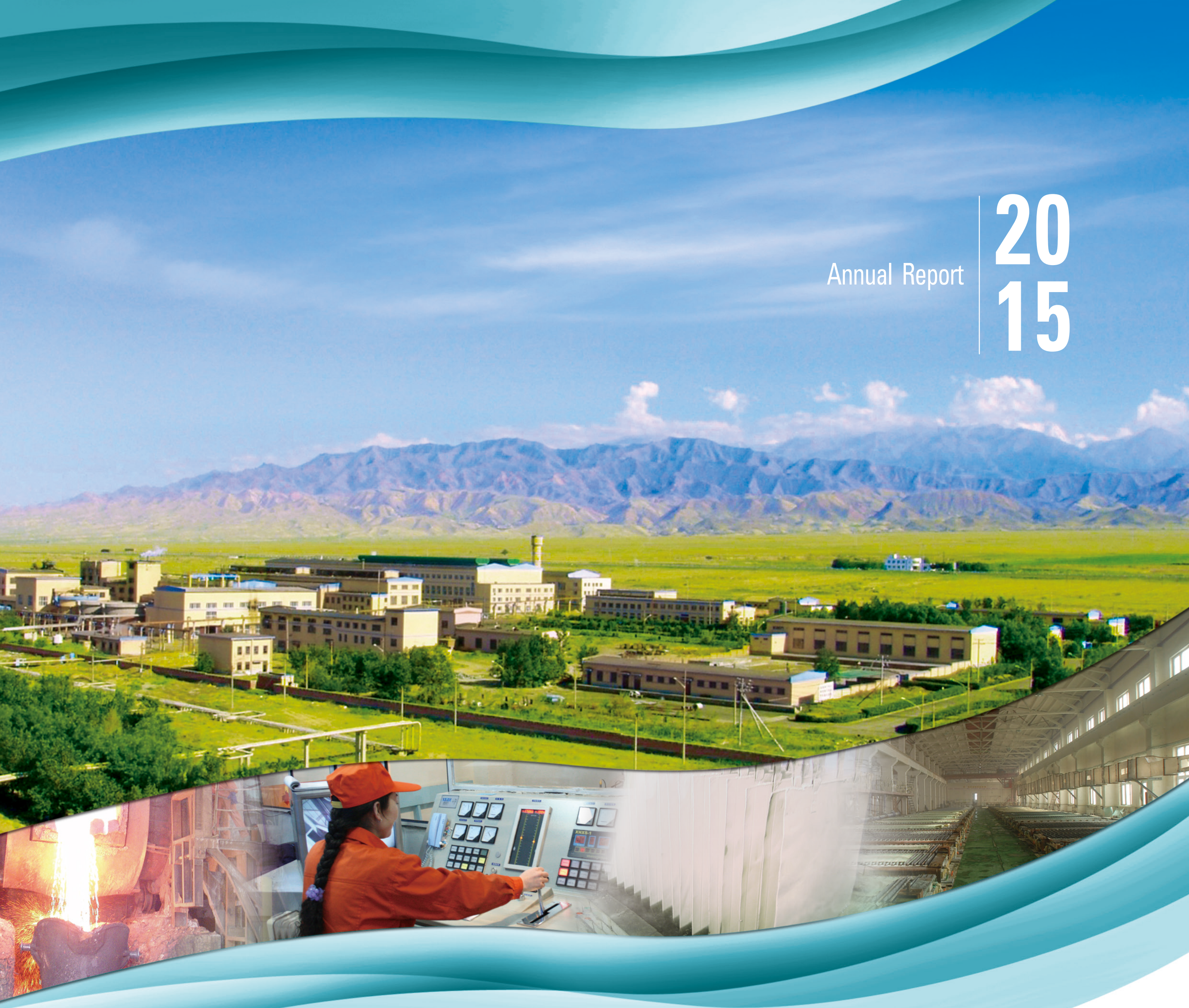
Xinjiang Xinxin Mining Industry Co., Ltd.*

新疆新鑫礦業股份有限公司

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

Stock Code : 3833



Annual Report 2015

We See The Future

* *For identification purpose only*

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Guo Quan (appointed on 22 May 2015)
Lu Xiaoping

NON-EXECUTIVE DIRECTORS

Guo Haitang *(Chairman)*
Shi Wenfeng *(Vice Chairman)*
Zhou Chuanyou
Hu Chengye

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chen Jianguo
Wang Lijin
Li Wing Sum, Steven

SUPERVISORS

Wang Haibang *(Chairman)*
Sun Baohui
Guo Zhonglin
Hu Zhijiang
Yao Wenying (appointed on 22 May 2015)

AUDIT COMMITTEE

Chen Jianguo *(Chairman)*
Li Wing Sum, Steven
Hu Chengye

REMUNERATION AND REVIEW COMMITTEE

Chen Jianguo *(Chairman)*
Shi Wenfeng
Zhou Chuanyou
Wang Lijin
Li Wing Sum, Steven

NOMINATION COMMITTEE

Guo Haitang *(Chairman)*
Chen Jianguo
Li Wing Sum, Steven

STRATEGIC DEVELOPMENT COMMITTEE

Guo Haitang *(Chairman)*
Shi Wenfeng
Guo Quan
Zhou Chuanyou
Wang Lijin

COMPANY SECRETARIES

Lam Cheuk Fai *FCCA, FCPA*
Zhang Junjie

AUTHORISED REPRESENTATIVES

Shi Wenfeng
Lam Cheuk Fai
Li Wing Sum, Steven *(Alternate)*

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STATUTORY ADDRESS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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LEGAL ADVISERS

Eversheds (Hong Kong law)
Beijing Grandway Law Offices (PRC law)

AUDITORS

International and PRC auditors
PricewaterhouseCoopers Zhong Tian LLP

H SHARE REGISTRAR IN HONG KONG

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PUBLIC RELATIONS

Wonderful Sky Financial Group Limited

COMPANY WEBSITE

kunlun.wsfg.hk

STOCK CODE

3833

SUMMARY

Xinjiang Xinxin Mining Industry Co., Ltd.* (the "Company") was incorporated on 1 September 2005 with the approval of the People's Government of Xinjiang Uygur Autonomous Region as a joint stock limited company in the People's Republic of China (the "PRC") by way of promotion with Xinjiang Non-ferrous Metal Industry (Group) Ltd.* (新疆有色金屬工業(集團)有限責任公司) ("Xinjiang Non-Ferrous"), Shanghai Yilian Kuangneng Co. Ltd.* (上海怡聯礦能實業有限公司) ("Shanghai Yilian"), Zhongjin Investment (Group) Ltd.* (中金投資(集團)有限公司) ("Zhongjin Investment"), Zijin Mining Group (Xiamen) Investment Co., Ltd.* (紫金礦業集團(廈門)投資有限公司), Xinjiang Xinying New Material Co. Ltd.* (新疆信盈新型材料有限公司) and Shaanxi Honghao Industry Co., Ltd.* (陝西鴻浩實業有限公司) acting as the promoters (collectively referred to as the "Promoters").

The Promoters hold in aggregate 1,451,000,000 domestic shares of the Company. In October 2007, 759,000,000 H shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company was the first Chinese nickel cathode production enterprise listed outside the PRC.

The Company and its subsidiaries (the "Group") are the PRC second largest nickel cathode producer utilizing nickel sulfide resources and are principally engaged in the mining, ore processing, smelting and refining operations and sales of nickel, copper and other non-ferrous metals. The major product of the Group is nickel cathode. The other major product includes copper cathode. Cobalt products, gold, silver, platinum and palladium are also produced and derived from the Group's main production process.

In addition to the Kalatongke nickel-copper mine held by the Company at the time of establishment, the Company acquired Huangshandong (黃山東), Huangshan (黃山) and Xiangshan (香山), three nickel-copper mines in Hami, Xinjiang in 2009. The Company held 100% equity interests in the above four nickel-copper mines.

The Company acquired 51% equity interests in Shaanxi Xinxin Mining Co., Ltd ("Shaanxi Xinxin") in 2011. Shaanxi Xinxin held two vanadium mines in Xianghe Street and Mujia River in Shangnan, Shaanxi (陝西商南縣的湘河街和穆家河) in which the Company held 51% equity interests thereof. As at 31 December 2015, two vanadium mines in Xianghe Street and Mujia River were still under the stage of resource exploration and had not yet conducted mining activities.

CORPORATE INFORMATION

RESOURCES AND RESERVES

The resources and reserves estimates for the deposits of four nickel-copper mines in Kalatongke, Huangshandong, Huangshan and Xiangshan as at 31 December 2015 are set out in the following tables:

	Ore contents	Grade		Metal contents	
		Cu	Ni	Cu	Ni
	(t)	*(%)*	*(%)*	*(t)*	*(t)*
Resources as at 31 December 2015					
Kalatongke nickel-copper mine	31,709,387	1.00	0.55	317,530	175,327
Three nickel-copper mines in Huangshandong, Huangshan, Xiangshan	81,987,278	0.27	0.45	223,160	367,540
Total	113,696,665			540,690	542,867
Reserves as at 31 December 2015					
Kalatongke nickel-copper mine	17,763,625	1.03	0.61	182,416	108,126
Three nickel-copper mines in Huangshandong, Huangshan, Xiangshan	32,105,633	0.31	0.49	98,026	158,577
Total	49,869,258			280,442	266,703

Note: The resources and reserves estimates for the deposits of Kalatongke nickel-copper mine were based on the 2007 estimates as per the independent technical review report as shown in the Company's Prospectus dated 27 September 2007. The resources and reserves estimates for the deposits at three nickel-copper mines in Huangshandong, Huangshan and Xiangshan mines were based on the 2008 estimates of resources and reserves as approved for record by the Department of Land and Resources of the PRC. The increases and decreases in resources and reserves due to mining consumption and exploration during the period were confirmed by internal experts.

The resources estimates for the deposits of two vanadium mines in Xianghe Street and Mujia River as at 31 December 2015 are set out in the following table:

	Ore contents	V_2O_5 Grade	V_2O_5contents
	(t)	*(%)*	*(t)*
Resources as at 31 December 2015			
Xianghe Street vanadium mine	**10,159,400**	**0.95**	**96,300**
Mujia River vanadium mine	**29,295,500**	**0.88**	**257,800**
Total	**39,454,900**		**354,100**

Note: The resources estimates for the deposits at two vanadium mines in Xianghe Street and Mujia River were based on the 2012 estimates of resources as approved for record by the Land and Resources Bureau of Shaanxi Province.

SUMMARY OF FINANCIAL INFORMATION

RESULTS OF OPERATIONS

	Year ended 31 December				
	2011	2012	2013	2014	**2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Revenue	1,454,643	1,529,212	844,914	3,392,424	**2,685,877**
Operating profit/(loss)	246,562	10,232	(67,538)	25,590	**(1,004,785)**
Total profit/(loss) before income tax	250,966	12,813	(65,531)	31,847	**(999,410)**
Net profit/(loss)	190,415	10,208	(66,892)	12,748	**(943,130)**
Total comprehensive income/(loss)	190,415	10,208	(66,892)	12,748	**(943,130)**
Net profit/(loss) or total comprehensive income/(loss) attributable to					
– Shareholders of the Company	191,266	21,823	(58,514)	77,762	**(741,059)**
– Non-controlling interests	(851)	(11,615)	(8,378)	(65,014)	**(202,101)**
Earnings/(loss) per share					
– basic and diluted *(RMB/share)*	0.087	0.010	(0.026)	0.035	**(0.335)**

CASH FLOWS

	2011	2012	2013	2014	**2015**
Net cash flows (used in)/generated from operating activities	(156,459)	(132,685)	(997,410)	672,283	**(146,045)**

SUMMARY OF FINANCIAL INFORMATION

FINANCIAL POSITION

	As at 31 December				
	2011 *RMB'000*	2012 *RMB'000*	2013 *RMB'000*	2014 *RMB'000*	**2015** ***RMB'000***
Total assets	7,244,187	8,480,503	11,059,191	11,885,837	**11,903,168**
Total liabilities	1,548,938	2,841,346	5,471,586	6,286,996	**7,238,847**
Equity attributable to shareholders of the Company	5,338,821	5,294,344	5,237,570	5,313,820	**4,581,401**
Non-controlling interests	356,428	344,813	350,035	285,021	**82,920**
Total shareholders' equity	5,695,249	5,639,157	5,587,605	5,598,841	**4,664,321**
TOTAL SHARES (NUMBER OF SHARES)					
Domestic shares	1,451,000,000	1,451,000,000	1,451,000,000	1,451,000,000	**1,451,000,000**
H Shares	759,000,000	759,000,000	759,000,000	759,000,000	**759,000,000**
	2,210,000,000	2,210,000,000	2,210,000,000	2,210,000,000	**2,210,000,000**

Dear Shareholders,

I would like to extend my gratitude for your confidence and support to Xinjiang Xinxin Mining Industry Co., Ltd.* (the "Company") and its subsidiaries (collectively the "Group"). I am pleased to report the operating results for the year ended 31 December 2015 ("Year 2015" or the "Year"):

MARKET OVERVIEW

As generally known, under the influence of economic structural adjustments and the slowdown of the growth in the PRC and the weak global economic recovery, in 2015, international and domestic nickel cathode and copper cathode were oversupplied with an increasing inventory in a market condition which the prices were swinging lower and constantly decreasing.

In 2015, the average three-month future price of nickel cathode in London Metal Exchange ("LME") was US$11,867 per tonne, representing a decrease of 30.0% as compared to 2014, and the average three-month future price of copper cathode was US$5,482 per tonne, representing a decrease of 19.6% as compared to that in 2014.

In 2015, the average spot price (including tax) of nickel cathode in Shanghai Yangtze River Non-ferrous Metals Spot Market was RMB89,455 per tonne, representing a decrease of 22.6% as compared to that in 2014, and the average spot price (including tax) of copper cathode was RMB40,852 per tonne, representing a decrease of 16.9% as compared to that in 2014.

The domestic price trends of nickel cathode and copper cathode were basically in line with the international market in 2015.

INDUSTRY POSITION

The Group is a mining company principally engaged in the mining, ore processing, smelting and refining of nickel cathode products and other non-ferrous metals, (namely, copper, cobalt, gold, silver, platinum and palladium). According to the statistics of China Non-ferrous Metals Industry Association, the total domestic output of nickel for the year of 2015 amounted to 232,100 tonnes, representing a decrease of 6.0% as compared to that in 2014. With an output of 11,618 tonnes of nickel cathode for the year of 2015, the Group remains the second largest domestic manufacturer of nickel cathode produced with nickel sulfide resources.

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

Production and Operation

For the year of 2015, in order to cope with the adverse influence on enterprises caused by the swinging lower and continuously decreased market prices of international and domestic nickel cathode and copper cathode, the Group has taken a series of measures to lower product costs and expenditures as well as improve overall operation efficiency of the Company. Such measures included enhancing fundamentals of the corporate management, lifting technical-economic indicators in the production process, strictly controlling non-productive expenditures, improving infrastructure and technological renovation projects as well as fulfilling planned production volume and attaining stated targets through performing the craftsmanship adjustment and testing and commissioning as soon as possible. In the meantime, the Group intensified marketing analysis and research, and adopted marketing strategies of increasing inventory of finished products and controlling the sales volume of nickel cathode, which in turn achieved the goal to realize the sales of nickel cathode products with a relatively higher market price and enhanced the economic efficiency of the Group.

For the year of 2015, the Group recorded a total nickel cathode output of 11,618 tonnes, representing an increase of 4.0% as compared to that in 2014. Total copper cathode output was 60,439 tonnes (among which, 10,001 tonnes of copper cathode was produced by Fukang Refinery of Xinjiang Xinxin Mining Industry Co., Ltd. ("Fukang Refinery"), 50,438 tonnes of copper cathode was produced by Xinjiang Wuxin Copper Company Limited ("Wuxin Copper")), representing an increase of 52.9% as compared to that in 2014.

For the year of 2015, the Group recorded total nickel cathode sales of 2,067 tonnes, representing a decrease of 86.2% as compared to that in 2014. Total copper cathode output was 60,532 tonnes, representing an increase of 62.0% as compared to that in 2014.

For the year of 2015, the Group recorded an average selling price of nickel cathode (tax exclusive) of RMB77,782 per tonne, representing a decrease of 24.2% as compared to 2014. Average selling price of copper cathode (tax exclusive) amounted to RMB34,629 per tonne, representing a decrease of 16.8% as compared to that in 2014.

For the year of 2015, the Group recorded an average cost of sales of nickel cathode of RMB86,180 per tonne, representing an increase of 6.8% as compared to that in 2014. The average cost of sales of copper cathode was RMB37,603 per tonne, representing a decrease of 5.9% as compared to that in 2014, of which Fukang Refinery recorded an average cost of sales for copper cathode of RMB27,234 per tonne, representing a decrease of 11.4% as compared to that in 2014, and Wuxin Copper recorded an average cost of sales for copper cathode of RMB39,917 per tonne representing a decrease of 4.7% as compared to that in 2014.

For the year of 2015, the Group achieved an operating revenue of RMB2,685.9 million, representing a decrease of 20.8% as compared to that in 2014, with a net loss of RMB943.1 million, as compared to a net profit of RMB12.7 million in 2014; a comprehensive loss attributable to shareholders of the Company amounted to RMB741.0 million, as compared to a comprehensive income attributable to shareholders of the Company of RMB77.8 million in 2014, and a loss per share (basic and diluted) of RMB0.335 as compared to an earnings per share (basic and diluted) of RMB0.035 in 2014.

Mineral exploration activities: For the year of 2015, Xinjiang Kalatongke Mining Industry Company Limited ("Kalatongke Mining") mainly completed mineral exploration projects such as 18,314 meters of drilling in pit, 1,100 meters of surface drilling, 13 kilometers of shallow seismic survey. Xinjiang Yakesi Resources Co. Ltd. ("Xinjiang Yakesi") and Hami Jubao Resources Co. Ltd. ("Hami Jubao") mainly completed mineral exploration projects such as 270 meters of tunnel exploration, 7,550 meters of drilling in pit, 1,885 meters of surface drilling and 1,414 meters of borehole three-component magnetic survey. In 2015, the total amount of expenditure that the Group expended on exploration was approximately RMB8.4 million.

Mining development activities: In 2015, Kalatongke Mining mainly completed mining development projects such as excavation, support and maintenance and facility installation of 7,622 meters in aggregate at 260 mid-segment of No. 2 ore body, main track at 410 mid-segment of No. 3 ore body and 260 mid-segment and upper and lower track of 410 mid-segment of east No. 2 ore body and excavation of 1,039 meters at upper return airways at 350 mid-segment east No. 2 ore body. Xinjiang Yakesi and Hami Jubao mainly completed mining development construction such as excavation of 655 meters in aggregate at the main track of 150 mid-segment, 250 mid-segment and 350 mid-segment of Huangshan mining area, excavation of 300 meters at concentrated pass 2# and excavation of 9,993 m^3 in aggregate for construction and other measure projects of various chambers. In 2015, the Group's total expenditure for mining development amounted to approximately RMB145.8 million.

Ore mining: In 2015, Kalatongke Mining produced 755,531 tonnes of ore, while Xinjiang Yakesi and Hami Jubao produced 992,468 tonnes of ore. In 2015, the aggregate expenditure of the ore mining operation of the Group was approximately RMB325.2 million.

Ore processing: In 2015, Kalatongke Mining produced 101,119 tonnes of nickel-copper combined concentrate, while Xinjiang Yakesi and Hami Jubao produced 51,028 tonnes of nickel concentrate and 5,536 tonnes of copper concentrate.

Smelting and refining: For the year of 2015, Kalatongke Mining produced 20,740 tonnes of water hardening and nickel matte. Xinjiang Zhongxin Mining Company Limited ("Hami Zhongxin") produced 7,916 tonnes of water hardening and nickel matte. Fukang Refinery manufactured 11,618 tonnes of nickel cathode and 10,001 tonnes of copper cathode. Wuxin Copper manufactured 50,438 tonnes of copper cathode.

Sales: For the year of 2015, the Group achieved revenue from principal businesses of RMB2,602.4 million, which comprised RMB160.8 million of sales revenue from nickel cathode, accounting for 6.2% of the revenue from principal businesses of the Group, and RMB2,096.1 million of sales revenue from copper cathode, accounting for 80.5% of the revenue from principal businesses of the Group. Other products (including copper concentrate, anode mud, electrolytic cobalt, gold, silver, platinum and palladium) achieved a sales revenue of RMB345.5 million, representing 13.3% of the revenue from principal businesses of the Group.

The infrastructure projects of Wuxin Copper with an annual output of 100,000 tonnes of copper cathode was completed in June 2014 and put into trial production since then, but currently, the productivity and targets are yet to be achieved. Due to low efficiency of production process, rather high production costs and constant drop of market price of major products, a substantial loss was incurred to Wuxin Copper and net loss of RMB593.1 million was recorded for the year. In addition, under the adverse influence of the swinging lower and continuously decreased market prices of international and domestic nickel cathode and copper cathode in 2015, the operating capital of the Group, especially Wuxin Copper, was relatively insufficient and it was more difficult to carry out financing. Saved as the above, in 2015, the overall production and operation of the Group were stable, with no other material operation difficulties or operational problems.

Progress of Technological Renovation and Expansion Projects and Infrastructure Projects

In 2015, the technological renovation and expansion projects and infrastructure projects carried out by the Group mainly included four technological renovation and infrastructure projects: the technological renovation and expansion project involving the enhancement of the mining, ore processing and smelting capacity of Kalatongke Mining, the technological renovation and expansion project involving the enhancement of the auxiliary facilities in Fukang Refinery to increase the refining capacity of nickel cathode and copper cathode and an additional production capacity of nickel cathode to 15,000 tonnes per year, the technological renovation and expansion project involving the additional mining and ore processing capacity of Xinjiang Yakesi, and the infrastructure project of Wuxin Copper involving an annual output of copper cathode of 100,000 tonnes. The technological renovation and expansion projects and the infrastructure projects of the Group proceeded smoothly as a whole in 2015 and the required progress of works was achieved on time during the Reporting Year. A total investment of RMB221.8 million has been made, mainly including:

In 2015, a total of RMB17.0 million was invested in the further enhancement of the technological renovation and capacity expansion project involving the daily mining of 3,400 tonnes, daily processing capacity of 3,000 tonnes as well as annual production capacity of water hardening and nickel matte of 8,000 tonnes of Kalatongke Mining.

In 2015, a total of RMB18.2 million was invested in the further enhancement of the technological renovation and capacity expansion project of enhancing the refining capacities of nickel cathode and copper cathode of the auxiliary facilities of Fukang Refinery, as well as for the preliminary works of the technological renovation and capacity expansion project of enhancing additional nickel cathode production capacity to 15,000 tonnes.

As for the technological renovation and capacity expansion projects of Xinjiang Yakesi and Hami Jubao in relation to the addition of daily mining and ore processing capacity of 4,000 tonnes, a total investment of RMB128.8 million was made in 2015.

A total investment of RMB57.8 million was made in 2015 for the use on the enhancement of infrastructure project of Wuxin Copper with an annual output of 100,000 tonnes of copper cathode.

Environmental Protection and Safety

The Group adheres to the safety and environmental protection policies of "Safety First, Precaution Foremost" and "Equal Emphasis on Both Resources Development and Environmental Protection" earnestly to ensure its production safety and environmental protection. In 2015, the Group achieved its target of production safety. The environmental protection was stringently observed in compliance with the relevant national laws and regulations.

OUTLOOK

Operating Environment

For the year of 2016, even the global economy remains in a recovery stage, and there are many uncertainties affecting the recovery of global economy, the Chinese economy still maintains moderate and robust growth. However, more attention has to be paid to the structural adjustments and the changes in the mode of growth, and the pace of growth has slowed down (the PRC government forecasts China's GDP growth rate target for the year 2016 to be 6.5% to 7.0%). Therefore, the Group expects the consumption volume of nickel cathode and copper cathode in the domestic non-ferrous metal market to keep on growing in 2016.

Operational objectives

For the year of 2016, the Group plans to produce 11,800 tonnes of nickel cathode and 10,000 tonnes of copper cathode (excluding copper cathode produced by Wuxin Copper). Please be cautioned that because of quite a number of uncertainties in metal prices and the domestic raw materials market, the above plan has been made merely on the basis of the current market situation and the existing conditions of the Group. The Board may adjust the relevant production plan according to the changes of situation.

BUSINESS STRATEGIES

Production and operation

For the year of 2016, as there are more uncertainties that may affect the recovery of the global economy, the Group should strengthen its research and analysis to the trend of price in the international and domestic nickel cathode and cathode copper markets combining with its actual situation and capital capability and carry out more flexible and proactive marketing strategies. Moreover, 2016 is the critical year for various infrastructure and technological renovation projects of the Group to gradually substantiate their production capacity. The Group shall complete supplementary enhancement of the infrastructure and technological renovation projects in order to meet the stated targets and planned production volume as soon as possible, and based on this foundation, fully explore its internal potential, strive to increase output and income, and further reduce its production cost and expenses through stringent control of nonproduction expenditures with an aim to generating greater economic benefits for the Group.

Project Construction Works

For the year of 2016, the Group plans to invest RMB193.4 million (excluding the amount to complete 100,000 tonnes copper cathode per year basic construction project of Wuxin Copper) in aggregate in major construction projects of the Group, mainly including:

For the year 2016, Kalatongke Mining will undergo further enhancement of its technological renovation and expansion project, with daily mining and daily ore processing capabilities of 3,400 tonnes and 3,000 tonnes respectively, as well as annual production of 8,000 tonnes of nickel contents out of the water hardening and nickel matte, and the Company expects to invest RMB122.6 million in the plan above.

For the year of 2016, Fukang Refinery will undergo further enhancement of its technological renovation and expansion project for refining auxiliary facilities to enhance the refining capacity of nickel cathode and copper cathode as well as its technological renovation and expansion project for increasing new production capacity of nickel cathode to 15,000 tonnes annually. The Company expects to invest RMB11.0 million in the plan above.

For the year of 2016, we plan to invest RMB59.8 million in the technological renovation and expansion project of Xinjiang Yakesi and Hami Jubao in relation to the addition of 4,000 tonnes of mining and ore processing daily capacity.

CHAIRMAN'S STATEMENT

Mineral Resources Control and Search for Mines by Geological Means

Mineral resources are the fundamental guarantee for the continuing development of a mining company. After all, the control of mineral resources and the search for mines by geological means are the core components of the business development of the Group. The Group places great emphasis on searching for preliminary mining projects with potentials for acquisition, enhances in-depth exploration, extends exploration in the surrounding areas of its existing major mines, and applies effective mine searching methods to achieve effective growth of the mineral resources and reserves of the Group. For the year of 2016, the Group plans to invest RMB9.9 million in in-depth exploration and extension of exploration in the surrounding area of existing major mines resources and search for mines by geological means. In particular, Kalatongke Mining plans to invest RMB7.3 million in exploration. Xinjiang Yakesi and Hami Jubao plan to invest RMB2.6 million in exploration.

Mergers and Acquisition

The Company has placed great emphasis on mergers and acquisition of enterprises since its listing. Following the successful acquisition of various mining companies including Xinjiang Yakesi, Hami Jubao, Hami Zhongxin, Shaanxi Xinxin and Hami Hexin Mining Company Limited (in which the Company holds 50% equity interest), the Group's nickel and copper resources and reserves as well as its subsequent development and production capacity achieved substantial increase. The acquisitions have further optimized the Group's production chain, strengthened its core competitiveness and uplifted the operational efficiency of assets as a whole. In the year of 2016, the Group will fully utilize its strength to enhance merger and acquisition, initiate economic cooperation and capture the opportunities of merger and acquisition in the international and the domestic metal markets. The Group will strive for new breakthrough in terms of mergers and acquisition of enterprises and capital management leading to the new milestone of the Group.

2016 is a year both of opportunities and challenges for the Group. The Group will take more proactive and progressive operating strategies to cope with the difficult environment in this complex situation of ever-changing global economy and its sluggish recovery, so that the Group can manage to achieve sustained and moderate growth under an operating condition featuring high efficiency and low-cost. Also the Group has abundant resources and reserves, a favorable industry position and a sophisticated management team in the industry to enable us to enjoy sufficient benefits when the world economy further improves. The Group believes that with the great efforts of its staff and the tremendous support from various sectors of the society, the Group will achieve sustained and stable development in 2016.

By order of the Board

Guo Haitang
Chairman

Xinjiang, the PRC
30 March 2016

OPERATING RESULTS

In 2015, the revenue of the Group amounted to RMB2,685.9 million, representing a decrease of 20.8% as compared to RMB3,392.4 million in 2014; the comprehensive loss of the Group amounted to RMB943.1 million, as compared to the comprehensive income of the Group amounted to RMB12.7 million in 2014; the comprehensive loss attributable to shareholders of the Company amounted to RMB741.0 million, as compared to the comprehensive income attributable to shareholders of the Company amounted to RMB77.8 million in 2014. The significant decrease in the operating results in 2015 was primarily because (1) impacted by the continuous decrease in the international and Chinese market prices of nickel cathode and copper cathode, the average selling prices of the Group's primary products, nickel cathode and copper cathode, decreased by 24.2% and 16.8 % respectively, as compared to those in 2014; (2) the 100,000 tonnes of copper smelting operation of Wuxin Copper was established and commenced production in June 2014, but currently the quantity and quality of production were yet to be up to standard, the operating procedures of production was not efficient enough, and the production cost was still relatively high; (3) The making of provision for decline in value amounted to RMB298.2 million in 2015.

REVENUE AND GROSS PROFIT OF THE PRINCIPAL BUSINESSES

The following table illustrates the details of sales by products of the Group for the two years ended 31 December 2015 and 31 December 2014:

	For the year ended 31 December 2015			For the year ended 31 December 2014			
Product Name	**Sales volume** *Tonnes*	**Amount** *RMB'000*	**% to Revenue**	Sales Volume *Tonnes*	Amount *RMB'000*	% to Revenue	Amount of growth rate +/(-)
Nickel cathode	**2,067**	**160,761**	**6.2%**	15,029	1,541,849	46.4%	(89.6%)
Copper cathode	**60,531**	**2,096,137**	**80.5%**	37,368	1,554,838	46.7%	34.8%
Of which:							
Fukang Refinery	**11,041**	**379,847**	**14.6%**	6,213	258,770	7.8%	46.8%
Wuxin Copper	**49,490**	**1,716,290**	**65.9%**	31,155	1,296,068	38.9%	32.4%
Copper concentrate		**–**	**0.0%**	1,065.63	9,980	0.3%	(100%)
Other products		**345,537**	**13.3%**		219,651	6.6%	57.3%
Of which:							
Anode slime	**301**	**303,154**	**11.6%**	115.6	168,468	5.1%	79.9%
Total revenue from main operation		**2,602,435**	**100%**		3,326,318	100%	(21.8%)
Cost of sales from main operation		**(2,849,366)**	**109.5%**		(2,945,721)	88.6%	(3.3%)
Gross (loss)/profit		**(246,931)**	**(9.5%)**		380,597	11.4%	(165.3%)

In 2015, the revenue of nickel cathode of the Group amounted to RMB160.8 million, representing a decrease of 89.6% as compared to that in 2014, mainly attributable to the decreases in the sales volume and selling prices of nickel cathode. The average selling price of the Group's nickel cathode in 2015 amounted to RMB77,782 per tonne, representing a decrease of 24.2% as compared to RMB102,595 per tonne in 2014. In 2015, the Group's sales volume of nickel cathode was 2,067 tonnes, representing a decrease of 86.2% as compared to 15,029 tonnes in 2014, mainly attributable to the Group's strategies of expanding the inventories and controlling the sales volume of nickel cathode in 2015, in order to sell nickel cathode stock at a higher market price, which in turn enhanced the economic benefits of the Group.

In 2015, the revenue of copper cathode of the Group amounted to RMB2,096.1 million, representing an increase of 34.8% as compared to that in 2014, mainly due to the increase in the sales volume of copper cathode, which was partly offset by the decrease in the selling price. The average selling price of copper cathode of the Group in 2015 was RMB34,629 per tonne, representing a decrease of 16.8% as compared to RMB41,608 per tonne in 2014; the sales volume of copper cathode of the Group was 60,532 tonnes, representing an increase of 62.0% as compared to 37,368 tonnes in 2014. The increase in the sales volume was mainly attributable to the significant increase in the Group's production.

In 2015, the copper concentrate of the Group was not for sales, all of the supply was used by Wuxin Copper to produce copper cathode. The revenue of copper concentrate of the Group amounted to RMB10.0 million, with the sales volume of 1,065 tonnes.

In 2015, the revenue of other products of the Group amounted to RMB345.5 million, representing a significant increase as compared to that in 2014, which was mainly attributable to the increases in sales of anode slime of Wuxin Copper.

In 2015, the gross loss from the Group's principal business amounted to RMB246.9 million, representing a decrease of RMB627.5 million as compared to the gross profit of RMB380.6 million in 2014. The gross loss margin was 9.5% in 2015, representing a decrease of 20.9 percentage points as compared to the gross profit margin of 11.4% in 2014. The decrease in the gross profit was mainly due to the significant decrease in selling prices of nickel cathode and copper cathode, and the instable production of Wuxin Copper, which in turn caused a relatively high production cost of copper cathode.

SELLING AND DISTRIBUTION EXPENSES

In 2015, selling and distribution expenses incurred by the Group increased by 55.1% to RMB66.3 million, as compared to RMB42.7 million in 2014, mainly due to the increases in the Group's sales of copper cathode in 2015, which also led to the corresponding increase in the loading and transportation costs of products.

GENERAL AND ADMINISTRATIVE EXPENSES

In 2015, general and administrative expenses incurred by the Group increased by 16.9% to RMB184.6 million, as compared to RMB157.9 million in 2014. The increase in expenses was primarily due to the increase in employee's salaries, taxes, depreciation and amortisation resulting from the production of Xinjiang Yakesi plants and Huangshandong copper mine and the official production of Wuxin Copper.

FINANCE EXPENSES – NET

In 2015, net finance expense incurred by the Group amounted to RMB240.6 million, representing an increase of finance expense of RMB73.3 million as compared to RMB167.3 million of net finance expense in 2014, primarily due to the interest of borrowings of Xinjiang Yakesi plants, Huangshandong copper mine and Wuxin Copper were expensed after their official production.

FINANCIAL POSITION

Shareholders' equity decreased from RMB5,598.8 million to RMB4,664.3 million in 2015, primarily due to the operating loss and the making of provision for decline in value of RMB298.2 million in 2015; total assets increased by 0.1% to RMB11,903.2 million.

In 2015, the net cash outflow generated by the Group's operating activities amounted to RMB146.0 million. As compared to the net cash outflow of RMB672.3 million in 2014, there was an increase in the outflow of RMB818.3 million, primarily due to the decrease in sales of nickel cathode in 2015; the cash obtained from selling products significantly decreased; the net cash outflow used in investment activities was RMB346.1 million, which was mainly used in the purchasing of equipment for and as the construction costs of the Group's various technology renovation and expansion projects; and the net cash inflow used in financing activities amounted to RMB439.6 million. The cash inflow mainly came from bank loans and other interest-bearing borrowings received by the Group of RMB2,996.0 million. The cash outflow was mainly attributable to the Group's repayment of bank loans and interest of RMB2,556.4 million.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2015, the Group had total cash and cash equivalents amounting to RMB506.1 million (2014: RMB558.6 million), and the interest-bearing borrowings and other financial liabilities of the Group amounted to RMB4,847.6 million (2014: RMB4,405.2 million).

	As at 31 December 2015	As at 31 December 2014
Current ratio *(times)*	**0.9**	1.1
Gearing ratio *(borrowings/total assets)*	**40.7%**	37.1%

COMMODITY PRICE RISK

The prices of the Group's products are influenced by international and domestic market prices and changes in global supply and demand for such products. Price volatility of non-ferrous metals is also affected by the global and PRC economic cycles as well as the fluctuations of the global currency markets. Both the international and domestic market prices of non-ferrous metals as well as the volatility of their supply and demand are beyond the control of the Company. Therefore, the volatility of commodity prices may materially affect the turnover and the comprehensive income of the Group. The Group has not entered into any trading contracts nor made any pricing arrangement to hedge against the risk arising from fluctuations in the price of nonferrous products.

FOREIGN EXCHANGE RATE FLUCTUATIONS

The Company's businesses are conducted in RMB. The fluctuations of foreign exchange rate may impact the prices of the international and domestic non-ferrous products, and thus the operating results of the Group. RMB is not a freely convertible currency, and the rates of exchange between RMB and a basket of currencies may fluctuate. Given that the Chinese government may adopt further actions and measures against the free trade conducted in RMB, fluctuations in foreign exchange rate have an adverse effect on the Group's net assets, earnings and any dividend declared, which shall be converted or translated into Hong Kong dollars.

INTEREST RATE RISK

The Group's interest rate risk mainly arises from bank loans and interest-bearing long-term borrowings. Bank deposits and loans at variable rate expose the Group to cash flow interest rate risk, while fixed rate interest-bearing financial liabilities of the Group are subject to the risk of the fair value of interest. The Groups adjust the relative proportion of contracts at fixed rate and contracts at floating rate based on market situation. As at 31 December 2015, the Group's interest-bearing debts were mainly floating rate borrowings, fixed rates borrowings and interest-bearing bond payable denominated in RMB, which totaled RMB4,847.6 million (2014: RMB4,405.2 million). The Group has no interest rate swap arrangement.

CHARGE ON ASSETS

As at 31 December 2015, included in cash at bank and on hand of the Group was restricted cash at banks amounted to RMB256.2 million set aside as the security for issuing bank acceptance notes and other purposes. Wuxin Copper, a subsidiary of the Company, entered into a pledge contract with a bank in respect of copper concentrate inventories to obtain banks loan which amounted to RMB185.0 million as at 31 December 2015. These inventories were also pledged to bank to obtain the gold lease contract of RMB95.2 million. During the period, Wuxin Copper entered into a pledge contract with the bank in respect of the pledged fixed assets and land use right amounting to RMB1,264.0 million. As at 31 December 2015, balance of loan of RMB220.0 million was obtained. In addition, Kalatongke Mining discounted to the bank commercial acceptance bills receivable from the Company, obtaining loans of RMB180.0 million. Save as disclosed above, the Group did not have any other charges or pledges of its assets as at 31 December 2015.

HISTORICAL CAPITAL EXPENDITURE

Capital expenditure was primarily used to expand the production capacities of the Group and to improve the mining, ore processing, smelting and refining production technology of the Group. The following table sets out the conditions of the Group's capital expenditure as well as the ratio of the capital expenditure of each operation over total capital expenditure for the year ended 31 December 2015 based on various categories of operations:

	Year ended 31 December 2015	
		Percentage
	RMB'000	%
Mining, ore processing, smelting and complementary operations in Kalatongke Mining	**65,090**	19.2
Refining and complementary operations in Fukang Refinery	**26,235**	7.7
Mining and ore processing operations in Xinjiang Yakesi	**133,096**	39.3
Mining operation in Hami Jubao	**8,607**	2.5
Smelting and complementary operations of Hami Zhongxin	**5,609**	1.7
100,000 tonnes of copper smelting operation of Wuxin Copper	**62,177**	18.4
Research and development of non-ferrous metal industrial products and storage base project of Beijing Xinding	**37,783**	11.2
Total	**338,597**	100

EMPLOYEES

As at 31 December 2015, the Group had a total of 3,710 full-time employees. Breakdowns by function and division are as follows:

Division	**Employees** *(Headcounts)*	**Total** *(in percentage)*
Management and administration	243	6.5%
Engineering technician	380	10.2%
Production staff	2,369	63.9%
Repair and maintenance	499	13.5%
Inspection	191	5.1%
Sales	28	0.8%
Total	3,710	100.0%

Employee remuneration for the year ended 31 December 2015 *(RMB'000)*	364,738*	

* *Details of breakdowns as disclosed in Note 4(21) to the Financial Statements.*

The remuneration package of the Group's employees includes salary, bonuses and allowances. The Group has participated in the social insurance contribution plans organised by the local governments in the PRC. In accordance with the relevant national and local labour and social welfare laws and regulations, the Group is required to pay on behalf of its employees a monthly social insurance premium covering pension insurance, medical insurance, employment insurance and housing provident funds. According to the currently applicable local regulations, the respective percentages of the pension insurance, medical insurance, employment insurance and housing provident funds which the Group must contribute are 20%, 6% to 9%, 1.5% and 12%, respectively, of its employees' total monthly basic salary. The Group also contributes 0.5% to 2.88% of its employees' total monthly basic salary for occupational injury insurance and 0.5% to 1% of their total monthly basic salary for maternity cover.

EXECUTIVE DIRECTORS

Mr. Guo Quan (郭全), aged 47, has served as the general manager of the Company since March 2015 and an executive Director of the Company since May 2015, studied at the Department of Geology of Northeastern University (東北大學) from September 1986 to August 1989 and obtained a college diploma in geology. He also studied at Beijing Technology and Business University (北京工商大學) from September 2002 to July 2004 and obtained a bachelor's degree in business administration. Mr. Guo has accumulated over 26 years of experience of relevant professional techniques and corporate management in non-ferrous metal industry in Xinjiang. From August 1989 to December 1999, Mr. Guo served various positions in Xinjiang Hami Gold Mine* (新疆哈密金礦) including technician, head of technical division, chief of the mining workshop, and the deputy head of a factory. He was also the general manager of Xinjiang Non-ferrous Xinhai Company Limited* (新疆有色鑫海有限責任公司) from March 2000 to September 2002, the general manager of Xinjiang Non-ferrous Quanxin Construction Company Limited* (新疆有色全鑫建設有限責任公司) from September 2002 to March 2009 and the general manager of Xinjiang Yakesi from March 2009 to September 2013. Mr. Guo became the deputy chief engineer of Xinjiang Non-ferrous from September 2013 to February 2015.

Mr. Lu Xiaoping (魯小平), aged 56, has been a deputy general manager of the Company since March 2014 and an executive Director of the Company since May 2014. From September 1979 to July 1982, Mr. Lu studied at Shenyang University majoring in foundry and obtained a college diploma. Mr. Lu has accumulated more than 33 years of experience in professions and technologies, such as nonferrous metal machinery processing as well as mining, milling and processing electromechanical equipment, and in enterprise management. From August 1982 to February 1993, Mr. Lu served as a technician, engineer and deputy head of the Manufacture Factory of Xinjiang Keketuohai Mining Bureau* (新疆可可托海礦務局機械廠). From March 1993 to February 1997, he served as the section leader of the mobile section of Xinjiang Keketuohai Rare Metal Mine* (新疆可可托海稀有金屬礦機動科). From March 1997 to August 2003, he served as the assistant to the head and the deputy head of Kelatongke Mine* (喀拉通克礦). From September 2003 to March 2008, Mr. Lu served as the head of Xinjiang Hami Gold Mine* (新疆哈密金礦). He has been the head of Fukang Refinery Factory from April 2008 to February 2015. Mr. Lu has also been serving as the secretary of the Party Committee of the Company since March 2015.

NON-EXECUTIVE DIRECTORS

Mr. Guo Haitang (郭海棠), aged 59, has been a non-executive Director and the chairman of the Company since October 2014. Mr. Guo studied at Party School of the Central Committee of the C.P.C. from August 1997 to December 1999, majoring in economic management and obtained a bachelor's degree. He completed postgraduate courses of business administration program in Capital University of Economics and Business in July 2002. Mr. Guo has accumulated more than 36 years of experience in geological mine searching in Xinjiang and exercising leadership in nonferrous metal enterprises. From August 1979 to December 1998, Mr. Guo engaged in professional technology of geological mine searching and the unit supervision work in a subordinate unit of Xinjiang Geological Mineral Bureau. From January 1999 to April 2000, he served as the head of project survey and construction management division of Xinjiang Geological Mineral Bureau. From May 2000 to August 2004, he served as the chairman, general manager and the secretary of the General Party Branch of Xinjiang Baodi Engineering Construction Co., Ltd. (新疆寶地工程建設有限公司). From February 2001 to April 2006, he served as deputy director of Xinjiang Geological Mineral Bureau. From May 2006 to July 2014, he served as a director and the general manager of Xinjiang Non-ferrous. From July 2014 to May 2015, he served as the secretary of the communist party committee, the chairman and general manager of Xinjiang Non-ferrous. Since May 2015, he has served as the secretary of the communist party committee and the chairman of Xinjiang Non-Ferrous. Mr. Guo served as the chairman of Western Gold Co., Ltd. (西部黃金股份有限公司) (Stock Code: 601069) since 1 August 2014.

Mr. Shi Wenfeng (史文峰), aged 48, has been a non-executive Director and the vice-chairman of the Company since December 2015. Mr. Shi studied at Chengdu University of Science and Technology (成都科技大學) with a Bachelor's degree, majoring in the metallurgy of non-ferrous metals from September 1985 to July 1989. He completed the EMBA program and obtained a master's degree from University of Science and Technology Beijing in January 2013. Mr. Shi has accumulated more than 26 years of experience in the smelting industry. From September 1993 to January 1994, he served as the deputy head of the refinery workshop of the Fukang Refinery (阜康冶煉廠). From November 1994 to January 1995, he was the head of the production division of Fukang Refinery. From February 1995 to March 1998, he served as an assistant to the head of Fukang Refinery. From April 1998 to January 2002, he served as the deputy head of Fukang Refinery. From February 2002 to August 2005, he served as the head of Fukang Refinery, and from September 2005 to February 2015, he served as an executive Director and the general manager of the Company. From March 2015 to November 2015, he served as the executive Director and vice chairman of the Company. Mr. Shi has also been the vice general manager of Xinjiang Non-ferrous since March 2015. Mr. Shi received the National Model Labour Award awarded by the State Council in 2005, and he received the Scientific and Technological Progress First Prize (科學技術進步一等獎) in 1995 and 2002 awarded by the National Committee of Science and Technology of the PRC (國家科學技術委員會) and the People's Government of Xinjiang, respectively, for his contribution to the development of the wet process in the refining technology of nickel and the development of technology and production application in extracting copper and precious metals from smelting tailing of nickel ore.

Mr. Zhou Chuanyou (周傳有), aged 51, served as a non-executive Director and the vice-chairman of the Company from September 2005 to February 2015, and has been a non-executive Director of the Company since March 2015. Mr. Zhou completed a postgraduate course in law at Fudan University (復旦大學) with a Master's degree in July 1987. From September 1995, Mr. Zhou served as the chairman of the board of Shanghai Jinying Investment Company Ltd. (上海金鷹投資有限公司), which is the predecessor of Zhongjin Investment, and is now the chairman of the board of Zhongjin Investment in which he is the beneficial owner of 100% interest. He has served as a director of Shanghai Zhongjin Real Estate (Group) Co., Ltd. (上海中金房產（集團）有限公司) since February 1998 and a director of Shanghai Yilian since May 2005 and is currently the beneficial owner of 100% shareholding of Shanghai Yilian. Shanghai Yilian holds 12.80% shareholding of the Company and Zhongjin Investment holds 8.96% shareholding of the Company. The interest attributable to Mr. Zhou in the Company represents his indirect deemed interest in the Company's issued share capital via his equity interests held in the Company through Shanghai Yilian and Zhongjin Investment. Mr. Zhou has served as deputy chairman of the Board of Dazhong Insurance Co., Ltd. of China (大眾保險股份有限公司) from September 1998 to December 2009.

Mr. Hu Chengye (胡承業), aged 51, has been a non-executive Director of the Company since October 2014. Mr. Hu studied at China Broadcasting and Television College (中國廣播電視大學) from July 1983 to September 1986, majoring in the science of finance and obtained a college diploma. He completed upgrading courses from junior college student to university student with a major of accounting at Xiamen University and obtained a bachelor's degree in September 2001. From November 1994 to August 1998, Mr. Hu served as a deputy director of Tianshan Sub-bureau of Urumqi Local Taxation Bureau of Xinjiang (新疆烏魯木齊市地稅局天山區分局). From September 1998 to February 2002, he served as the director of Xinshi Sub-bureau of Urumqi Local Taxation Bureau of Xinjiang (新疆烏魯木齊市地稅局新市區分局). From March 2002 to February 2008, he served as deputy director of the Investigation Bureau of Local Taxation Department in the Xinjiang Uygur Autonomous Region. Mr. Hu served as executive deputy general manager, general manager and chairman (currently acting as the chairman) of Xinjiang Huizhong Yifu Investment Co., Ltd. (新疆匯中怡富投資有限公司) since March 2008. Mr. Hu served as the general manager of Shanghai Hengshi Mining Investment Co., Ltd. (上海石礦業投資股份有限公司) since February 2013. He acted as an assistant president of Zhongjin Investment since February 2014.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chen Jianguo (陳建國), aged 52, has been an independent non-executive Director of the Company since June 2006. Mr. Chen studied at Xinjiang University of Finance and Economics (新疆財經大學) with a Bachelor's degree, majoring in economics from September 1981 to July 1985. From September 1985 to July 1988, he studied at Dongbei University of Finance and Economics (東北財經大學) with a Master's degree, majoring in accounting. Since 1988, he has been teaching at the Faculty of Finance of Xinjiang University of Finance and Economics. He has become the Head of Faculty of Finance of Xinjiang Institute of Finance and Economics (now known as Xinjiang University of Finance and Economics) from August 1997 to September 2007. He has become the head of research and development department of Xinjiang University of Finance and Economics from October 2007 to January 2011. He served as the dean and a professor of Institute of Accounting of Xinjiang University of Finance and Economics from February 2011 to January 2015. He has been appointed as a professor of Institute of Accounting of Xinjiang University of Finance and Economics since February 2015. Mr. Chen participated in the Chinese Management Development Program. From January 1999 to August 1999, he studied in Nyenrode Business Universiteit (奈爾洛德商業大學) in Netherlands. From January 2000 to April 2001, Mr. Chen studied at Haagse Hogeschool with a Master's degree in Business Administration. Since April 2002, Mr. Chen has served as a standing council member of Xinjiang International Taxation Research Institute (新疆國際稅收研究會常務理事). Since November 2002, Mr. Chen has served as a council member of Xinjiang Institute of Investment (新疆投資學會). He has been appointed as the executive council member and deputy secretary of Xinjiang Institute of Accounting (新疆會計學會) since April 2011. Mr. Chen acted as an independent director of Markor International Furniture Co. Ltd (Stock Code: 600337), Xinjiang Guannong Fruit & Antler Group Co., Ltd. (Stock Code: 600251) and Zhundong Petroleum Technology Co., Ltd. (Stock Code: 002207) from May 2002 to August 2008, from January 2003 to December 2007 and September 2004 to December 2009 respectively. Since September 2008, Mr. Chen has been as an independent director of Xinjiang International Enterprise Co., Ltd (Stock Code: 000159), Xinjiang Kangdi Planting Technology Company Limited* (新疆康地種業科技股份有限公司) since January 2010 and Xinjiang Tianshan Power Company Ltd. (新疆天山電力股份有限公司) since June 2011. Since March 2012, Mr. Chen has been an independent director of Xinjiang Beixin Road & Bridge Group Co., Ltd. (Stock Code: 002307),Mr. Chen acted again as an independent director of Markor International Furniture Co., Ltd (Stock Code: 600337) since August 2011.

Mr. Wang Li Jin (汪立今), aged 57, has been an independent non-executive Director of the Company since May 2011. He studied at Xinjiang University with a Bachelor's degree, majoring in Survey and Exploration of Mineral Resources from February 1978 to February 1982. Since February 1982, Mr. Wang has been teaching in the College of Geology and Exploration of Xinjiang University (新疆大學地質與勘查工程學院), and was promoted to professor in November 2000, and is a Master Instructor of Xinjiang University. In 2006, Mr. Wang was awarded the "Distinguished Teacher of Xinjiang University", and in 2007 and 2008 was named "Outstanding Thesis Instructor of Xinjiang University". During March 2004 to September 2004, Mr. Wang was sent by the National Government to the Department of Geological Sciences, University of Michigan Ann Arbor, USA, for further study, majoring in mineral deposit geology and mineralogy, and conducting scientific research work in mineral deposit geology and mineralogy. In the past three decades, Mr. Wang has been engaged in university geology teaching and research work, loaded with professional expertise, and has been familiar with business. Mr. Wang currently serves as a council member of the China Society of Mineralogy, Petrology and Geochemistry (中國礦物岩石地球化學學會), a committee member of the Professional Committee of Technological Mineralogy of China (中國工藝礦物學專業委員會), an executive director of the China Geological Society of Education (中國地質教育學會), a committee member of the China Environmental Mineralogy Professional Committee (中國環境礦物學專業委員會), and is the life member of the China Society of Mineralogy, Petrology and Geochemistry.

Mr. Li Wing Sum Steven (李永森), aged 59, has been an independent non-executive Director of the Company since October 2011. Mr. Li is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong, and a member of the Hong Kong Institute of Directors and Certified Tax Adviser Institute of Hong Kong. Mr Li has accumulated over 30 years' experience in auditing, accounting, company secretarial services, taxation and financial management. Mr Li had worked in an international accounting firm and had been employed as financial controller of various companies including a Hong Kong listed company. Mr Li once served as an executive director, independent non-executive director and company secretary in several Hong Kong listed companies, including serving as an independent non-executive director of Ruifeng Petroleum Chemical Holdings Limited (Stock Code: 8096) from June 2012 to October 2013. Since July 2000, Mr. Li has been the Qualified Accountant and the Company Secretary of Shanghai Fudan Microelectronics Group Company Limited (Stock Code: 1385). Mr. Li has been the Company Secretary of China National Cultural Group Ltd. (Stock Code: 0745) since May 2014. Mr. Li is also a certified public accountant (practicing) and a partner of a certified public accountants firms in Hong Kong.

EMPLOYEES' REPRESENTATIVE SUPERVISORS

Mr. Wang Haibang (王海邦), aged 56, was appointed as the employees' representative supervisor of the Company effective from June 2013 and the chairman of the Supervisory Committee from July 2013. From 1992 to 1995, Mr. Wang studied in Kunming University of Science and Technology (昆明理工大學), majoring in administrative management. From October 1983 to April 1988, Mr. Wang served as the vice captain of the Gem Mining Team and the Mining Services Team of the Xinjiang Keketuohai Mining Bureau (新疆可可托海礦務局). From May 1988 to October 1998, he served as the Party branch secretary of Kelatongke Mine Smelting Workshop* (喀拉通克礦冶煉車間), the manager of Kelatongke Mining Services Company* (喀拉通克礦服務公司), the department head of the Labour and Personnel Department of Kelatongke Mine, the workshop supervisor of Kelatongke Mine Smelting Workshop and the vice chairman of the Labour Union of Kelatongke Mine, respectively. He served as the chairman of the Labour Union of Kelatongke Mine from November 1998 to May 2000, the Party Committee secretary and the chairman of the Labour Union of Kelatongke Mine from June 2000 to August 2005, the Party Committee vice secretary, the Disciplinary Committee secretary and the chairman of the Labour Union of the Company from September 2005 to May 2013. He served as the vice secretary of the Party Committee and the chairman of the Labour Union of the Company from June 2013 to February 2015, and served as the secretary of the Disciplinary Committee and the vice secretary of the Party Committee from October 2013 to March 2015.

Mr. Sun Baohui (孫寶輝), aged 46, has been the employees' representative Supervisor of the Company since June 2006. He studied at Kunming University of Science and Technology with a Bachelor's degree majoring in the metallurgy of non-ferrous metals from September 1988 to July 1992. Mr. Sun served as a technician, the deputy head and the head of the smelting workshop at Kalatongke Mine from July 1992 to September 2000. From April 2003 to August 2005, he served as the head of the ore processing workshop at Kalatongke Mine. From September 2005 to May 2009, he served as the head of and the deputy general manager of the labour union at Kalatongke Mine and is currently the general manager of Wuxin Copper from May 2009 to July 2015.

SUPERVISORS REPRESENTING SHAREHOLDERS

Mr. Guo Zhonglin (郭仲林), aged 61, has been a supervisor representing shareholder of the Company since October 2014. Mr. Guo studied at Xi'an Geological Institute (西安地質學院) from September 1973 to June 1976, majoring in geological mapping and obtained a college diploma. From 1976 to 2009, Mr. Guo successively served as teacher of Xi'an Geological Institute, a technician, deputy manager and manager of No. 21 Regiment of No. 2 Division of Agricultural Construction of XPCR (新疆生產建設兵團農二師二十一團); deputy head of preparation and construction department and factory director of Xinjiang Huguang Sugar Refinery (新疆湖光糖廠) of No. 2 Division of Agricultural Construction of XPCR; general manager of Cross-border Trade Corporation (邊貿總公司) of No. 2 Division of Agricultural Construction of XPCR as well as head of preparation and construction department, factory director and deputy secretary of the communist party committee of Kuitun Sugar Refinery (新疆奎屯糖廠) of No. 7 Division of Agricultural Construction of XPCR; and deputy commander of No. 7 Division of Agricultural Construction of XPCR. Mr. Guo joined Zijin Mining Group Co., Ltd. (Stock Code: 2899) in 2009. He served as deputy general manager of Zijin Mining Group Northwest Company Limited (紫金礦業集團西北有限公司), a subsidiary of Zijin Mining Group Co., Ltd. He served as the chairman of Wuxin Copper from January 2013 to July 2015.

INDEPENDENT SUPERVISORS

Mr. Hu Zhijiang (胡志江), aged 70, is an independent Supervisor of the Company since June 2006. Mr. Hu studied at Xinjiang University of Finance and Economics from 1990 to 1992, majoring in finance. Mr. Hu is a qualified senior accountant and a practising accountant. He was a deputy head in the Agriculture Section of the Finance Department of Xinjiang Uygur Autonomous Region (新疆維吾爾自治區財政廳農業處) from 1992 to 1994. From 1994 to 1997, he served as the head of the Legal and Taxation Section of the Finance Department of Xinjiang Uygur Autonomous Region (新疆維吾爾自治區財政廳法制稅政處). From 1997 to 2001, he served as the head of the Accounting Section of the Finance Department of Xinjiang Uygur Autonomous Region (新疆維吾爾自治區財政廳會計處). From 2001 to 2005, he served as the inspector (副廳級巡視員) at the deputy department level of the Finance Department of Xinjiang Uygur Autonomous Region. From 1998 to 2000, Mr. Hu served as a member of the Senior Assessment Committee for Professional Qualification in Accounting of Xinjiang Uygur Autonomous Region (新疆維吾爾自治區會計專業技術資格高級評審委員會). He was the vice chairman of the eighth committee of the Accounting Association of Xinjiang Uygur Autonomous Region (新疆維吾爾自治區會計學會第八屆理事會) in 2002.

Ms. Yao Wenying (姚文英), aged 48, is an independent supervisor of the Company since May 2015. From September 1986 to July 1990, Ms. Yao studied in Northeast Forestry University where she obtained her bachelor's degree in Finance and Accounting. From December 2005 to December 2007, she studied in Xinjiang University of Finance and Economics and received her master's degree in Management with a major in Accounting. Ms. Yao held a teaching post in the School of Business Administration of Urumqi Vocational University from October 1990 to August 2004. She served as Head of Accounting Simulation Teaching and Research Centre and Head of Department of Finance and Economics. She was a teaching staff member in the Department of Finance in Xinjiang College of Finance and Economics (the predecessor of Xinjiang University of Finance and Economics) from September 2004 to August 2007. She has been teaching in the School of Accounting of Xinjiang University of Finance and Economics since September 2007. She was promoted as Professor of Accounting in December 2010 and currently she is Tutor for postgraduates in Xinjiang University of Finance and Economics. She has also received the "Educational Professional of Xinjiang University of Finance and Economics" in June 2011, and the "Outstanding Teacher in Xinjiang Uygur Autonomous Region" in September 2014. She has been serving as independent director of Xinjiang China Enterprise Hong Bang Conservation (Group) Co., Ltd.* (新疆中企宏邦節水 (集團) 股份有限公司) since July 2012 and as independent director of Xinjiang Xingwo Mechanical Technology Service Co., Ltd.* (新疆星沃機械技術服務股份有限公司) since November 2012.

OTHER SENIOR MANAGEMENT

Mr. Liu Jun (劉俊), aged 50, has been the chief engineer of the Company since March 2015. From September 1983 to July 1987, he studied in Kunming University of Science and Technology (昆明理工大學), majoring in mining engineering, and obtained a bachelor's degree. Mr. Liu has more than 29 years of experience in mining industry. He was the deputy head of the mining workshop of Kalatongke Mine (喀拉通克礦) from May 1991 to December 1993; the head of production and technical division of Kalatongke Mine from January 1994 to December 1994; the deputy chief engineer of Kalatongke Mine from January 1995 to February 1997; the chief engineer of Kalatongke Mine from March 1997 to April 2000; the deputy Head of Kalatongke Mine from April 2000 to August 2005. From September 2005 to August 2008, Mr. Liu served as the executive Director and deputy general manager of the Company, and the Head of Kalatongke Mine. He served as the executive Director and deputy general manager of the Company from September 2008 to January 2014; and the director and general manager of Xinjiang Asia-europe Rare Metals Co. Ltd.* (新疆亞歐稀有金屬股份有限公司) from February 2014 to March 2015. Due to his contributions in refining, regenerative process and industrial production of nickel matte (高冰鎳) and contribution in the professional mining technique in Kelatongke Mine, Mr. Liu was awarded the Scientific and Technological Progress Second Prize (科學技術進步二等獎) from the People's Government of Xinjiang in 2004 and the China Nonferrous Metals Industry Science and Technology First Prize (中國有色金屬工業科學技術一等獎) from the China Nonferrous Metals Industry Association (中國有色金屬工業協會) in 2014, respectively.

Mr. He Hongfeng (何洪峰), aged 46, has served as the chief financial officer of the Company since September 2005. Mr. He studied at Xinjiang University of Finance tand Economics from September 1988 to July 1992 with a Bachelor's degree, majoring in accounting. He completed a postgraduate course in Business Administration at Xinjiang University of Finance and Economics with a Master's degree in June 2009. Mr. He is a certified accountant, certified valuer and certified tax consultant in the PRC. From July 1992 to August 2005, he worked for Zhongjin Investment. He joined the Company since September 2005.

Mr. Zhang Junjie (張俊杰), aged 53, has served as the secretary to the Board of Directors of the Company since September 2005 as well as the joint company secretaries of the Company since June 2006. Mr. Zhang studied at University of Zhongnan (中南大學) with a Bachelor's degree, majoring in mining engineering from September 1979 to July 1983. From October 1988 to March 1991, Mr. Zhang was the head of the mining workshop of Kalatongke Mine and the chief of the production technology division of Kalatongke Mine. From April 1991 to March 1993, he was the deputy head of the production technology division of Xinjiang Keketuohai Mining Bureau. From March 1993 to August 1997, he was the deputy chief economist of Xinjiang Non-ferrous Industry Co. Copper and Nickel Branch (新疆有色金屬工業公司銅鎳分公司). From August 1997 to March 1998, he was a deputy general manager of Xinjiang Non-ferrous Industry Co. Copper and Nickel Branch (新疆有色金屬工業公司銅鎳分公司). From April 1998 to July 2002, he was the head of the finance department of Xinjiang Nonferrous Metal Industry Co.. From July 2002 to August 2005, he served as the head of the assets management department of Xinjiang Non-ferrous.

Mr. Lam Cheuk Fai (林灼輝), aged 62, has served as the joint company secretary and the qualified accountant of the Company since June 2006. Mr. Lam studied at Hong Kong Polytechnic (the predecessor of Hong Kong Polytechnic University), majoring in accounting, during 1975 to 1979 and was awarded a Higher Certificate in Accountancy by the institute. He studied at University of East Asia, Macau from 1985 to 1988 and was awarded with a Master's degree in Business Administration. Mr. Lam is a fellow member of both the Association of Chartered Certified Accountants of the United Kingdom and the Hong Kong Institute of Certified Public Accountants. Mr. Lam has over 30 years of working experience in auditing, accounting, internal control, taxation, company secretarial work and financial management in multinational organisations in the U.S.A., Hong Kong and the mainland China, including: from 1979 to 1985, he worked for Touche Ross & Co. (now known as Deloitte Touche Tohmatsu) in Hong Kong and the U.S.A. and Arthur Young & Co. (now known as Ernst & Young) in Hong Kong, during the period from March 1985 to June 1989, he was appointed as the internal audit manager and the group financial controller of Sime Darby Hong Kong Limited, from January 1990 to June 1993 he was appointed as the vice president of finance of Universal Matchbox Group, Limited, USA, (NYSE:UMG), and from May 1999 to January 2001, he was appointed as the chief financial officer and the company secretary by Magician Industries (Holdings) Limited (now known as Lisi Group (Holdings) Limited) (Stock Code: 526).

CORPORATE GOVERNANCE CODE

The Company strives to attain and maintain relatively high standards of corporate governance best suited to the needs and interests of the Group as it believes that effective corporate governance practices are fundamental to safeguarding the interests of shareholders and other stakeholders and enhancing shareholder value.

The Board has adopted the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Group has fully complied with all the code provisions under the CG Code in the financial year of 2015.

THE BOARD OF DIRECTORS

Functions and Duties of the Board

The Board is responsible for the overall leadership and governance of the Company, and is collectively responsible for directing and supervising the affairs of the Company.

Duties of the Board include deciding on the Company's business plan and investment scheme, formulating the Company's profit distribution and loss recovery plan, formulating the Company's capital expenditure budget, and implementing resolutions as approved by general meetings. The functions of the management are to execute the business plan and investment plan as approved by the Board and to report thereto.

Since 16 March 2012, the Board revised the Company's corporate governance policy to include the terms of reference of the Board in relation to the corporate governance functions as follows:

(a) to develop and review the Company's policies and practices on corporate governance and report to the Board;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and

(e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Appropriate Directors' liability insurance cover has been arranged by the Company to indemnify the Directors for liabilities arising out of corporate activities. The coverage and the sum insured under the policy are reviewed annually.

Board Composition

On 14 October 2014, the Board has changed into the fourth session, and still comprises nine Directors, two of whom are executive Directors, four of whom are non-executive Directors and three of whom are independent non-executive Directors. There is no financial, business, family or any other relevant relationships among any members of the Board.

There is a strong independent element on the Board, to ensure the independence and objectivity of the Board's decision-making process as well as the thoroughness and impartiality of the Board's oversight of the Management. The Board possesses, both as individual Directors and collectively, appropriate experience, competencies and personal qualities, including professionalism and integrity, to discharge its responsibilities adequately and effectively. In addition, the Board collectively has adequate knowledge and expertise relevant to each of the material business activities that the Company pursues and the associated risks in order to ensure effective governance and oversight.

Members of the Board, who come from a variety of different backgrounds, have a diverse range of business and mining expertise. Brief biographical particulars of the Directors are set out in pages 18 to 24 of this Annual Report.

The Board considers that its diversity is a vital asset to the business. For better corporate governance, the Board has adopted a board diversity policy (the "Policy"). The essence of the Policy is that the Board's appointments are based on merit and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company remains committed to meritocracy in the Board, which requires a diverse and inclusive culture where Directors believe that their views are heard, their concerns are attended to and they serve in an environment where bias, discrimination and harassment on any matter are not tolerated.

As at the date of this Annual Report, an analysis of the Board composition is as follows:

Gender:	Male (9); Female (0)
Designation:	ED (2); NED (4); INED (4)
Geographic:	PRC (8); HKSAR (1)
Age:	40–49 (2); 50–59 (7); 60–69 (0)
Background:	Mining (4); Geology (1); Business (2); Accounting Professionals (2)

The Company received from each of its independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be in compliance with the independence guidelines as set out in Rule 3.13 of the Listing Rules and considers them to be independent according to the provisions of the guidelines.

Pursuant to article 106 of the Articles of Association, all of the Directors (including executive, non-executive and independent non-executive Directors) are appointed for a term of three years commencing on the date of their respective appointment or re-appointment and their re-appointment are to be approved in general meetings.

Chairman and Chief Executive Officer

Mr. Guo Haitang serves as the Chairman of the present session (the fourth session) of the Board and Mr. Guo Quan (note) serves as the general manager (Chief Executive Officer) of the Company. The respective responsibilities of the Chairman and the general manager of the Company are provided in article 119 and article 138 of the Articles of Association, respectively, and duly separated. For details of the responsibilities of the Chairman and the general manager of the Company, please refer to the Articles of Association uploaded to the websites of the Company and the Stock Exchange.

Note: Mr. Shi Wenfeng resigned as the general manager of the Company on 20 March 2015 due to personal work arrangement, and Mr. Guo Quan was appointed as the general manager of the Company on 20 March 2015.

The Board and Management

The Board is responsible for the approval and monitoring of the Company's overall developmental strategies, annual business plans and investment plans relating to the Company's business, evaluating the performance of the Company, supervising the management, ensuring the Board acts in the best interest of the Company.

While at all times the Board retains full responsibility for guiding and monitoring the operations of the Group, in discharging its duties, certain responsibilities are delegated to (1) the standing Board committees of the Company namely: the Audit Committee, the Nomination Committee, the Remuneration and Review Committee and the Strategic Development Committee. Each committee's constitution, powers and duties are clearly defined by its terms of reference, and the committees are accountable to the Board; (2) the general manager, being delegated with the day-to-day management of the businesses of the Group, is accountable to the Board; and (3) the senior management team of the Group, being delegated with the responsibilities to deal with daily operational functions, is answerable to the Board.

The Board makes decisions on specific issues whereas the management is delegated with authorities to manage and administer the day-to-day affairs of the Company. The Board regularly reviews the extent of the delegated authority to ensure its appropriateness in view of the Company's prevailing circumstances and that appropriate reporting systems are in place.

Board Meetings

The Chairman leads the Board and ensures the Board operate effectively to perform its responsibilities, and to timely discuss key and appropriate issues of the Company. The Chairman is primarily responsible for drawing up and approving of the agenda of each Board meeting, and to include any matters, if appropriate, as proposed by other Directors into the Board meeting agenda. The Chairman has already appointed the secretary to the Board for drafting and circulating agenda for each meeting and relevant meeting materials and documents. With the assistance of the executive Directors and the company secretaries, the Chairman will ensure all Directors are properly briefed on issues arising at board meetings and receive, in a timely manner, adequate information, which must be accurate, clear, complete and reliable. Upon reasonable request by any Director, the Board can resolve to provide separate independent professional advice, at the Company's expenses, to Directors to assist them to perform their duties to the Company.

For the year of 2015, six Board meetings and two general meetings were held, and the details of each of the Directors' attendance record of the meetings are as follows:

Name of Directors	Number of meetings attended/ Number of meetings convened during the term of office	
	Board meeting	General meeting
Executive Directors		
Zhang Guohua (張國華)*	0/0	0/0
Guo Quan (郭全)**	5/5	2/2
Lu Xiaoping (魯小平)	6/6	2/2
Non-executive Directors		
Guo Haitang (郭海棠) *(President)*	5/6	1/2
Shi Wenfeng (史文鋒)***	6/6	2/2
Zhou Chuanyou (周傳有)	5/6	1/2
Hu Chengye (胡承業)	5/6	2/2
Independent non-executive Directors		
Chen Jianguo (陳建國)	6/6	2/2
Wang Lijin (汪立今)	6/6	2/2
Li Wing Sum, Steven (李永森)	4/6	0/2

* Resigned during the year ** Appointed during the year *** Re-designated as a non-executive Director during the year

The Company has adopted the CG Code and issued a notice fourteen days prior to the regular board meeting to ensure the Directors are given all opportunities to include matters in the agenda for the meeting and sufficient time for the preparation of the meeting. All agenda has been sent to the Directors no less than three days prior to the meeting. All matters discussed and resolved during the meetings have been recorded and documented in the board minutes and kept by the secretary to the Board including any matters raised by the Directors and their concerns and opinion. Minutes of board meetings will be open by the secretary to the Board for inspection at any reasonable time on reasonable notice by any director.

Directors', Supervisors' and senior management's and key personnel's remunerations

The Company's policy on remuneration is to maintain fair and competitive packages based on business needs and industry practice of the Company. Directors' and Supervisors' remunerations including discretionary bonus are subject to the approval of Shareholders at general meetings, while senior management's remunerations including discretionary bonus are subject to approval of the Board.

The level of fees paid to non-executive Directors is determined by reference to factors including non-executive Directors' workload and commitments and fees paid by comparable institutions with similar scale and nature.

Regarding Executive Directors and Supervisors, the following factors (including but not limited to) are considered when determining their remuneration packages: (1) business needs, (2) general economic situation, (3) changes in human resources market, (4) individual contributions to results as confirmed in the performance appraisal process, and (5) retention consideration and individual potential.

No individual Director will be involved in decisions relating to his/her own remuneration.

Information relating to the remuneration of each Director, Supervisor and other senior management for the year ended 31 December 2015 is set out in Note (9)(5)(m) to the Company's financial statements.

Directors' Training and Board Committees

All Directors have participated in continuous professional development to develop and refresh their knowledge and skill to ensure that their contribution to the Board remains informed and relevant. All Directors have provided to the Company a record of the training they received during the Year.

The Board currently has four committees, namely the Audit Committee, the Remuneration and Review Committee, Nomination Committee and Strategic Development Committee. Members of these committees and the number of Committee meetings and the types of trainings in which all directors participated in during the year are as follows:

	Audit Committee	Remuneration and Review Committee	Nomination Committee	Strategic Development Committee	Type of Trainings
Number of meetings	2	2	1	0	
Executive Directors					
Zhang Guohua*					A, B, C
Guo Quan**				0/0✓	A, B, C
Lu Xiaoping					A, B, C
Non-Executive Directors					
Guo Haitang			1/1✓(Chairman)	0/0✓(Chairman)	A, B, C
Shi Wenfeng ***		2/2✓		0/0✓	A, B, C
Zhou Chuanyou		2/2✓		0/0✓	A, B, C
Hu Chengye	2/2✓				A, B, C
Independent Non-Executive Directors					
Chen Jianguo	2/2✓(Chairman)	2/2✓(Chairman)	1/1✓		A, B
Wang Lijin		2/2✓		0/0✓	A, B
Li Wing Sum, Steven	1/2✓	0/2✓	0/1✓		A, B

* Resigned during the year ** Appointed during the year *** Re-designated as a non-executive Director during the year

✓: Committee members

A: attending seminars, conferences and/or expert briefings relevant to the business or directors' duties

B: reading newspapers, journals and updates relating to the economy, general business or regulatory information

C: paying visits to the Group's local management and facilities

Terms of Reference of the Company's Audit Committee, Remuneration and Review Committee and Nomination Committee have been posted on the websites of the Company and the Stock Exchange.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers ("Model Code") contained in Appendix 10 to the listing Rules as its own code of conduct regarding securities transactions by the Directors and the Supervisors of the Company (the "Supervisors"). Having made specific enquiries of all Directors and Supervisors, all Directors and Supervisors have complied with the required standards as set out in the Model Code for the year ended 31 December, 2015.

DIRECTOR NOMINATION AND NOMINATION COMMITTEE

The nomination committee was established on 16 March 2012 by the Board with specific terms of reference in accordance with CG Code.

The role and function of the Nomination Committee are, among other things, to: (a) review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (b) identify individuals suitably qualified to become Directors and select or make recommendations to the Board on the selection of individuals nominated for directorships; (c) assess the independence of the Independent Non-executive Directors; and (d) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

In 2015, the Nomination Committee convened one meeting and attendance rate was 67%. Each of the committee members and their attendance record of the meetings are set out in page 29 of this annual report. The summary of work performed by the Nomination Committee during the Year was: reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board and made recommendations on proposed changes to the Board to complement the Company's corporate strategy; assessed the independence of the Independent Non-executive Directors of the Company; and identified or selected any director candidates or make recommendation on the appointment or reappointment of Directors.

REMUNERATION AND REVIEW COMMITTEE

In 2007, the Board resolved and established the Remuneration and Review Committee with specific terms of reference. On 16 March 2012, the terms of reference of the Remuneration and Review Committee were revised in accordance with the amendments in the CG Code and approved by resolution of the Board and were posted to the websites of the Company and the Stock Exchange. Contents of the revision include all new amendments to the revised CG Code.

The role and function of the Remuneration and Review Committee are, among other things, to:

(a) to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(b) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

(c) to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

(d) to make recommendations to the Board on the remuneration of non-executive Directors; and

(e) to make performance appraisal including assessing performance of all Directors and senior management and to monitor the execution of the Company's remuneration system.

In 2015, two meetings of the Remuneration and Review Committee was held with an average attendance rate of 80%. Each of the committee members and their attendance record of the meetings are set out in page 29 of this annual report. Summary of work during the Year by the Remuneration and Review Committee included:

- made recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

- reviewed and approved the management's remuneration proposals with reference to the Board's corporate goals and objectives;

- determined, with delegated responsibility, remuneration packages of senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

- researched the review standards for the Directors and senior management remuneration, and made recommendation according to the assessment of the Company's operational situation; and

- researched and reviewed the policies and plans for the Directors and senior management remuneration and made performance appraisals including assessing performance of all Directors and senior management.

AUDIT COMMITTEE

In 2007, the Board resolved and established the Audit Committee with specific terms of reference. The Board believes that members of the Audit Committee have sufficient knowledge and expertise in laws, accounting and financial management to enable them to perform their duties.

On 16 March 2012, the terms of reference of the Audit Committee have been revised in accordance with the amendments in the CG Code and approved by resolution of the Board, and were posted to the websites of the Company and the Stock Exchange.

The role and function of the Audit Committee are, among other things, to:

(a) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor;

(b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

(c) to monitor integrity of the Company's financial statements and annual report and accounts and interim report, and to review significant financial reporting judgements contained in them and to provide advice and comments thereon to the Board;

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

(e) to consider major investigations findings on internal control matters as delegated by the Board or on its own initiative and to report to the Board when the Committee notices any irregularities, internal control deficiencies or any non-compliances to any applicable rules, regulations, codes or laws when situation warrants the attention of the Board; and

(f) to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness.

In 2015, two meetings of the Audit Committee were held with an average attendance rates of 83%. Each of the committee members and their attendance record of the meetings are set out in page 29 of this annual report. Summary of work during the Year by the Audit Committee included:

- reviewed of the annual report and results announcement of the Company for the year ended 31 December 2014, with a recommendation to the Board for approval;
- reviewed the external auditors' independence and their report, with a recommendation to the Board for the re-appointment of the external auditors by the shareholders of the Company at its 2014 annual general meeting;
- reviewed continuing connected transactions;
- reviewed the interim report and results announcement of the Company for the six months ended 30 June 2015, with a recommendation to the Board for approval;
- considered the audit and non-audit services provided by the external auditors;
- reviewed the effectiveness of the system of internal control of the Company and its subsidiaries;
- reviewed periodic reports prepared by the Internal Audit Department;
- reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programme and the relevant budget; and
- reviewed the audit fees payable to the external auditors for the year ended 31 December 2015, with a recommendation to the Board for approval.

AUDITORS' REMUNERATION

For the year ended 31 December 2015, audit fees charged by the auditors of the Company amounted to approximately RMB2.18 million and non-audit service assignment (financial review charges relating to issuance of medium-term notes) amounted to RMB30,000.

STRATEGIC DEVELOPMENT COMMITTEE

In 2007, the Board resolved and established the Strategic Development Committee with specific terms of reference.

The duties of the Strategic Development Committee are to review and evaluate the strategic development solution, business development plan and investment budget of the Company. The Strategic Development Committee's members perform their duties in accordance with the committee's terms of reference. Each of the committee members and their attendance record of the meetings are set out in page 29 of this annual report.

SUPERVISORY COMMITTEE

The Company' s Supervisory Committee was established in 2005 pursuant to the Company' s Articles of Association and has changed into the fourth session on 14 October 2014, still comprising five Supervisors. Mr. Wang Haibang was appointed as the Chairman of the Supervisory Committee. One of the Supervisors was elected by the shareholders as Shareholders' Representative Supervisor, two Employees' Representative Supervisors were elected by the employees and two other independent Supervisors were appointed in the shareholders' meeting. Supervisors serve for a term of three years and are subject to re-election. Ms. Yao Wenying was appointed as an independent Supervisor during the year.

The Supervisory Committee is responsible for exercising supervision over the Board, its members and the senior management; and preventing them from abusing their authorities and jeopardizing the interests of the shareholders, the Company and its employees. Two meetings were held by the Supervisory Committee in 2015, and the average attendance rate for all the two meetings was 78%. During the meetings, the Supervisory Committee reviewed the financial conditions and operations of the Company and the due diligence of the senior management. The Supervisory Committee's members perform their duties in accordance with the Company' s Articles of Association.

SHARE INTEREST OF SENIOR MANAGEMENT

As at 31 December 2015, none of the senior management of the Company held any share interests in the Company.

COMPANY SECRETARIES

For the year ended 31 December 2015, the two Company secretaries of the Company had received relevant professional trainings of not less than 15 hours to update their skills and knowledge.

CHANGE IN CONSTITUTIONAL DOCUMENTS

At the general meeting held on 23 May 2014, the resolution in relation to amendments to the Articles of Association of the Company were approved by the shareholders of the Company, mainly to bring the Articles of Association of the Company in line with the business scope after the internal organization and the amended business licence. An updated version of the Articles of Association of the Company is available on the websites of the Company and the Stock Exchange.

SHAREHOLDERS' MEETING AND INVESTOR RELATIONS

As at 31 December 2015 and up to the date of this Annual Report, the Company issued 1,451,000,000 shares of domestic shares and 759,000,000 H shares, totalling 2,210,000,000 shares.

In 2015, the Company convened two general meetings. All proposed resolutions were approved with a passing rate of over 99%. The general meetings were chaired by the Chairman of the Board, who explained matters concerning the procedures for voting for shareholders' consideration and the shareholders voted on each proposed resolution. Each of the Directors and Supervisors were notified of and attended the general meetings.

The rights and responsibilities of all shareholders are set out in the Company' s Articles of Association which was uploaded to the websites of the Company and the Stock Exchange.

Shareholders who hold more than 10% of the issued shares carrying voting right may by written request call for an extraordinary general meeting.

The Company will issue a notice in writing 45 days prior to the general meeting informing all shareholders on the shareholders' register, setting out the proposed matters to be resolved, dates and time of the general meeting. Shareholders wishing to attend the general meeting should send the reply letter to the Company 20 days prior to the general meeting.

In an annual general meeting of the Company, shareholders holding more than 3% of shares carrying voting rights may propose to the Board any resolutions in writing; the Board will if it considers appropriate, include the proposed resolutions into the agenda of the general meeting. If the board resolves not to include the proposed resolutions into the agenda, it shall be explained and clarified in the meeting; contents of the resolutions and the Board' s explanation shall be set forth in an announcement after the relevant general meeting.

The Company communicates with shareholders by issuing annual reports, interim reports, results announcements and other announcements. All relevant information is also listed in the Company's website at kunlun.wsfg.hk.

Since 2007, the Company has engaged a professional public relations consultancy firm to organise various investor relations programs (including regular briefing meetings with analysts) aiming at increasing the transparency of the Company, enhancing communication with shareholders and investors, increasing their understanding of and confidence in the Group's businesses. It also aims at promoting market recognition of and support to the Company.

The Company recognises the importance of maintaining on-going communications with its shareholders and encourages them to attend shareholders' meetings to stay informed of the Group's businesses and convey any concerns they may have to the Directors and senior management.

The Secretariat Office and the Corporate Finance and Securities Department of the Board offer comprehensive services to the shareholders and answer their enquiries on a timely basis in order to enhance their understanding of the Company. They also maintain effective communications with the shareholders to ensure that the views of the shareholders will be communicated to the Board. There were no changes in the Company's constitutional documents during the year ended 31 December 2015.

As at 31 December 2015, total market capitalization of the Company was approximately HK$1.75 billion, of which the market capitalization of public floatation of H shares was approximately HK$0.6 billion.

INTERNAL CONTROL

The internal control system of the Group has been designed to safeguard the assets of the Group, maintaining proper accounting records, execution with appropriate authority and compliance with the relevant laws and regulations. The Board is responsible for maintaining and reviewing the effectiveness of the Group's internal control system. Executive Directors and senior management of the Company are conferred with relevant authority to manage and monitor respective operational systems and to handle relevant issues.

During the Year, the Board has carried out at least two reviews of the implemented system and procedures, including areas covering defining management structure and its relevant authorities, confirming the adoption of appropriate Accounting Standards, providing reliable financial information for internal use and announcements and confirming the compliance of relevant laws and regulations as well as supervision of finance, operation and law compliance and risk management functions, etc.. The internal control system is implemented to minimize the risk to which the Group is exposed and used as a management tool for the day-to-day operation of business. The system can only provide reasonable but not absolute assurance against misstatement or losses. The Board believes that the present internal control system of the Group is effective and adequate to cover the current operations of the corporate.

The Group has established internal accounting system. The budget management system and investment management system of the Group contain relevant procedures formulated for evaluating and reviewing principal operational expenses and capital expenditure. Operational results are reported to the Board with financial analysis on a regular basis.

The Group has established a specific internal audit department and formulated internal control monitoring procedures to ensure comprehensive, accurate and timely record of accounting and management information. Regular reviews are conducted to ensure financial statements are prepared in accordance with the relevant accounting standards, accounting policies and applicable laws and regulations and cover operational effectiveness and risk management of the Group. Annual work plan of audit department is approved by the Supervisory Committee and Audit Committee of the Company.

The Group has developed the Information Disclosure Management System, which contains relevant procedures for handling price sensitive information.

The Group regularly held managerial meetings chaired by the General Manager. These meetings were attended by the Directors, the senior management, and the responsible members of all departments at the Company's headquarter. Discussions and decisions on the Group's operations and the implementation of investment projects and financial matters are conducted at the meetings. The management of the Company and the department heads at the branch level and headquarter will host regular managerial meetings to assist in the cooperation, communication and supervision of the commencement and execution of all operation projects.

During the year, the Board reviewed the effectiveness of the internal control system of the Group by assessing the adequacy of resources, qualifications and experience of staff in respect of the Company's accounting and financial reporting function, and their training programmes and budget, and considered that the Group had adequate staff resources with the competence, qualifications and experience necessary for the effective performance of its accounting and financial reporting function.

FINANCIAL REPORTING

The Board was in strict compliance with the provisions as set out in the Listing Rules in relation to financial reporting and disclosure to carry out comprehensive evaluation and disclose the Company's performance, financial position and prospect for the year based on detailed and accurate financial information and other data submitted by the management for the Board's approval. The Directors also undertook the responsibility of preparing the Company's financial statements of the interim and annual reports of the year on a true and accurate basis.

The Directors were not aware of any material uncertainties relating to events or conditions which may cost significant doubt upon the Group's ability to continue as a going concern.

There are four ESG subject areas: Workplace Quality, Environmental Protection, Operating Practices and Community Involvement. Corporate Governance is not included as it is disclosed separately in the annual report of the Company pursuant to Appendix 14 of the Main Board Listing Rules.

The Group invited stakeholders periodically to identify material aspects and key performance indicators and understand their views. Stakeholders are parties that have interests in or are affected by the decisions and activities of the Group. They may include shareholders (including holders of domestic shares and H shares), business partners, employees, suppliers, contractors, consumers, regulators and the public.

Stakeholder engagement is usually achieved through personal interview and various other means including annual general meetings, telephone interviews, seminars, focus groups, questionnaires, online forums as well as feedbacks and written enquiries collected from shareholders by public relations companies.

In 2015, subject areas, aspects and key performance indicators that are material in the context of corporate strategy of the Group were prioritised, and relevant prominent issues are set out as follows:

WORKPLACE QUALITY

Workplace

Policies and regulations principally adopted by the Group in respect of compensation and dismissal, recruitment and promotion, working hours, holidays, equal opportunity, diversity and other benefits and welfare are as follows:

1. Remuneration of employees is determined by the Group in accordance with the requirements under the Remuneration Policy of Xinjiang Xinxin Mining Industry Co., Ltd. (《新疆新鑫礦業股份有限公司工資制度》);

2. Employees are recruited, promoted and dismissed by the Group pursuant to Labor Law of the People's Republic of China (《中華人民共和國勞動法》) and the Employment Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and in compliance with Administrative Measures on Recruitment and Employment Contract of Employees of Xinjiang Xinxin Mining Industry Co., Ltd. (《新疆新鑫礦業股份有限公司員工聘用及勞動合同管理辦法》);

3. Working hours of our employees strictly comply with the requirements in the Employment Contract Law of the People's Republic of China by following a working system that provides 8-hour work day and 40-hour work week with Saturday and Sunday off and public holidays;

4. The Group provides paid leaves for employees in strict compliance with the Regulation on Paid Annual Leave of the Employees (Decree No. 514) (《職工帶薪年休假條例》) issued by the State Council of the People's Republic of China;

5. Under the Staff Recruitment Policy of Xinjiang Xinxin Mining Industry Co., Ltd. (《新疆新鑫礦業股份有限公司員工招聘規定》), identical qualification requirements are offered to college graduates and working professionals while candidates have equal opportunity in the process of staff recruitment;

6. Regarding the diversity of employees and other benefits and welfares, varieties of benefits and welfares are provided to all the staff by the Group pursuant to the requirements as stipulated by local governments of places where our enterprises are located, including endowment insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing fund which are equivalent to 20%, 6% to 9%, 1.5%, 0.5% to 2.88%, 0.5% to 1% and 12% of monthly basic salary respectively.

Laws, regulations and relevant policies of the Company mentioned above were strictly followed by the Group with an aim to provide a favorable working environment for all of our staff. In 2015, there was no material violation of relevant codes, regulations and rules in the Group.

As at 31 December 2015, the total workforce of the Group by employment type, age group and geographical region is set out as follows:

Employment type *(person)*			Age group *(person)*				Geographical region *(person)*		
Staff engaged with labor contract	Staff of other kinds	Total number of staff	Staff below 35 years old	Staff aged 35 to 50	Staff over 50 years old	Total number of staff	Staff in Mainland	Staff in Hong Kong	Total number of staff
3,710	0	3,710	1,456	2,056	198	3,710	3,709	1	3,710

In 2015, the employee turnover rate of the Group by age group and geographical region is set out as follows:

	Age group			Geographical region	
	Staff below 35 years old	Staff aged 35 to 50	Staff over 50 years old	Staff in Mainland	Staff in Hong Kong
Loss of employees *(person)*	472	81	12	565	0
Employee turnover rate *(%)*	12.72	2.19	0.32	15.23	0

Health and safety

The Law of the People's Republic of China on Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), Measures on the Administration and Supervision on Occupational Hygiene of Workplace (《工作場所職業衛生監督管理規定》) (Decree No. 47 of State Administration of Work Safety (the "SAWS")), Measures for the Declaration of Projects with Occupational Hazards (SAWS Decree No. 48) (《職業病危害項目申報辦法》), Measures for the Supervision and Administration of Employers' Occupational Health Surveillance (SAWS Decree No. 49) (《用人單位職業健康監護監督管理辦法》), Interim Measures for Supervision and Administration of the "Three Simultaneities" for Occupational Health at Construction Projects (SAWS Decree No. 51) (《建設專案職業衛生「三同時」監督管理暫行辦法》) and the national standard Technical Specifications for Occupational Health Surveillance (GBZ188-2007) (《職業健康監護技術規範》) were the laws, regulations and policies mainly adopted by the Group in respect of providing safe working environment and protecting employees from occupational hazards.

Requirements of laws, regulations and policies mentioned above were strictly complied with by the Group, striving to provide a safe working environment and protect employees from occupational hazards. In 2015, there was no material violation of relevant codes, regulations and rules in the Group.

In 2015, the Group has two work-related fatality, accounting for 0.05% of the total number of the employees.

The loss of working days due to work injury of our staff was around 1,465 days in 2015.

Measures on occupational health and safety adopted by the Group and relevant implementation and supervisory methods thereof are as follows:

1. In order to enhance the management of basic works relating to occupational health and safety precautions, our regulatory organisation for occupational health and safety precautions staffed by administrative personnel was established and improved.

2. Companies with the Group had established and improved their management system in relation to occupational health and safety precautions after referring to industry features. Such systems were strictly implemented.

3. An occupational health surveillance file was opened for each staff by the Group while occupational health examination was organised by relevant medical institutions for our employees on a regular basis. An occupational hazard notification policy was enforced as well.

4. Protection facilities and labor protection articles for occupational hazards were properly prepared for employees according to the nature of their work. Occupational diseases controlling and prevention institution, an independent third party of the Group was engaged to monitor the occupational hazardous factors in the Group and conduct evaluation on the protection effectiveness of our protection facilities for occupational hazards.

5. Work-related injury insurance and other commercial insurances were provided to our staff, so as to offer adequate protection for the interests of staff.

Development and training

The Group had established administrative institutions to be in charge of staff training and career skills in each enterprise, and formulated incentive policies on remuneration, career promotion and training fees, thus encouraged all employees to participate in job trainings so that their knowledge and skills for discharging duties at work could be improved continuously.

The Group had promoted and provided the following trainings for the employees: the guidance of the experienced employees and mutual trainings, trainings on technical skills for different positions provided by the in-house training sessions and entrusted training institutions; encouragement of technology professionals and the management to attend the professional trainings provided by colleges and training institutions in order to update their expertise and professional skills.

In 2015, the percentage of employees trained by employee category (such as the senior management, middle management and others) of the Group was as follows:

	Employee category		
	Senior management	**Middle management**	**Other employees**
The percentage of employees trained	80.60%	66.20%	85.60%

In 2015, the average training hours completed per employee by employee category of the Group was as follows:

	Employee category		
	Senior management	Middle management	Other employees
The average training hours completed per employee	75 hours	32 hours	16.6 hours

Labour standards

As for preventing child labour or forced labour, the Group mainly implemented Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Employment Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and other relevant laws and regulations.

The Group strictly complied with relevant laws and regulations including Labor Law of the People's Republic of China and the Employment Contract Law of the People's Republic of China. Across all companies under the Group, internal administrative institutions were set up to manage their employees in a professional manner when such employees were recruited and employed, so as to eliminate situations such as child labors and forced labors in the Group. In 2015, there was no material violation of relevant codes, regulations and rules in the Group.

ENVIRONMENTAL PROTECTION

Emissions

The wastes disposed by the Group were mainly waste mining rocks, mineral processing tailings and smelting sulfur dioxide gas. In the process of waste disposal, the Group mainly complied with the stipulations of the Law on Mineral Resources the PRC (《中華人民共和國礦產資源法》), the Law on the Prevention and Control of Environmental Pollution by Solid Wastes of the PRC (《中華人民共和國固體廢物污染環境防治法》), the Law on Environmental Impact Assessment of the People's Republic of China (《中華人民共和國環境影響評價法》), and the Standard for Pollution Control on General Industrial Solid Waste Sites (GB18599-2001) (《一般工業固體廢物貯存、處置場污染控制標準》(GB18599-2001)), the Comprehensive Emission Standard of Atmospheric Pollutants (GB16297-2004) (《大氣污染物綜合排放標準》(GB16297-2004)), the Industrial Emission Standard of Pollutants for Copper, Nickel, Cobalt (GB25467-2010) (《銅、鎳、鈷工業污染源排放標準》(GB25467-2010)) and other relevant laws, regulations and policies.

The Group strictly complied with the stipulations of the aforementioned laws, regulations and policies to improve the recycling and utilisation of the wastes and strive to decrease the wastes disposal. In 2015, there was no material violation of relevant codes, rules and regulations by the Group.

In 2015, the Group disposed waste mining rocks of approximately 190,000 tonnes, mineral processing tailings of approximately 1,820,000 tonnes, smelting sulfur dioxide gas (including sulfur dioxide) of approximately 4,114 tonnes, among which the disposed waste mining rocks were non-hazardous waste, while the disposed mineral processing tailings and emitted smelting sulfur dioxide gas were hazardous waste.

The emission of sulfur dioxide gas by the smelting plants of the Group was recycled by the comprehensive sulfur dioxide recycling facilities. With those facilities, the plants disposed sulfur dioxide gas with "double conversion and double absorption" method to fully recycle sulfur dioxide in the sulfur dioxide gas and used them to produce by-product of sulphuric acid for sale. The elimination rate of the sulfur dioxide in the sulfur dioxide gas by such facilities was 99.0% to 99.6%. As a result, the emission of sulfur dioxide gas was in accordance with the emission requirements stipulated by the national standard of Industrial Emission Standard of Pollutants for Copper, Nickel, Cobalt (GB25467-2010) and other relevant policies. Moreover, recycling and utilization facilities were built by Kalatongke Mining, the principal mining enterprise of the Group, to classify and dispose mineral processing tailings, as and use them for underground filling of mines, which could fully discover the use value of waste and decrease the waste disposal.

The waste mining rock of the Group was used for underground filling of mines and road paving after being crushed. The remaining waste was stockpiled in special waste rock plants. Some of the mineral processing tailings were transported for underground filing of mines after being classified and disposed. The remaining waste was stockpiled in the mineral tailing facilities. The sulfur dioxide in the smelting gas was recycled for producing byproduct of sulphuric acid, and the other solid smoke and dust was all recycled for use. The solid tailings generated from smelting and production included water-quenched slag, neutralised residue, lead filtered cake, arsenic filtered cake and gypsum, of which, water-quenched slag, neutralised residue and gypsum were provided to surrounding cement plants for producing raw materials of quality cement to utilise comprehensively; lead filtered cake was provided to relevant enterprises for producing raw materials of extracting valuable metals to utilise comprehensively; and arsenic filtered cake was provided to the Hazardous Waste Disposal Centre of the Xinjiang Uygur Autonomous Region to conduct harmless treatment and recycling by qualified enterprises. After purification and treatment, waste water was used for industrial cyclic utilisation and the green irrigation in the enterprise. The Group's safe disposal rate of industrial waste reached 100% through the aforementioned measures.

Use of resources

In respect of effective use of resources (including energy, water and other raw materials), the Group strictly implemented the Law on the Water Resources of the PRC (《中華人民共和國水利法》), the Law on Power Generation of the PRC (《中華人民共和國電力法》), the Law on Energy of the PRC (《中華人民共和國能源法》), the Law on Energy Saving of the PRC (《中華人民共和國能源節約法》) and other relevant laws and regulations.

In 2015, the Group consumed electricity of approximately 554,060,000 KWh, coke of 37,091 tonnes, coal of 95,967 tonnes, diesel of 2,710.4 tonnes and petrol of 56.8 tonnes in total.

In 2015, the total amount of water consumed by the Group was approximately 59,190,000 tonnes.

The Group did not have any particularly prominent energy efficiency programmes and the relevant results during the year.

The Group did not have problems in seeking appropriate water resources. The existing supply of water resources could satisfy the Group's needs in the aspects of volume, quality of water and the guarantee of water supply facilities. In 2015, the Group saved water of approximately 4,460,000 tonnes in total through carrying out measures of reduction in water consumption, recycling and utilisation of industrial waste water, etc. in major water consumption process including mineral processing and smelting.

All of the packing material used by the main products of the Group including nickel cathode, electrolytic cobalt and cathode copper were steel belts used for packing. In 2015, the Group consumed steel belts of 112 tonnes in total, approximately 1.8 kg of which was used for products per tonne.

The environment and natural resources

The Group is an enterprise producing and processing nonferrous metals and mineral products. In the process of producing nickel cathode and cathode copper products, the Group consumed mineral resources and used natural resources including the land, and generated waste which may affect the environment to some extent. The Group legally obtained and used natural resources strictly pursuant to the requirements of the relevant laws and regulations including the Law on Mineral Resources of the PRC (《中華人民共和國礦產資源法》), The Land Administration Law of the PRC (《中華人民共和國土地管理法》), the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》). Therefore, the Group consistently increased its capacities on comprehensive recycling and utilisation of natural resources, decreased the natural resources consumption and the disposal of various kinds of waste, and reduced the material influence of the Group's operation to the environment and natural resources.

The Group was devoted to the corporate philosophy of preservation of resources of all personnel, reduction of waste disposal and protection for the ecological environment. The Group increased investment in new skills and techniques and improved the technical skills of the enterprise. Moreover, it formulated incentive policies and concrete measures of comprehensive use of resources, technological innovation, energy saving and emission reduction. Through consistently promoting the enterprise to achieve effective utilisation and saving resources as well as environment protection pursuant to the laws, the environment of mining plant areas were constantly improved and put on the path of sustainable healthy development.

OPERATION PRACTICES

Anti-corruption

The Company established multiple management regulations in compliance with the relevant laws, regulations and requirements of the country with reference to the actual situation of the Company. The regulations include Supervision and Management Measures on Quality and Price Comparison for Procurement of Xinjiang Xinxin Mining Industry Co., Ltd., Regulations for Preventing Job-related Crimes in Xinjiang Xinxin Mining Industry Co., Ltd., Long-term Mechanism of Prevention and Management of Commercial Bribery of Xinjiang Xinxin Mining Industry Co., Ltd., Enforcement of Regulation on Establishing a Long-term Mechanism to Prevent "Private Coffers" of Xinjiang Xinxin Mining Industry Co., Ltd., Promotion Plan of Integrity and Risk Prevention, Control and Management of Xinjiang Xinxin Mining Industry Co., Ltd., etc. These regulations are formulated to prevent criminal activities such as job-related crimes, bribery, extortion, fraud and money laundering, etc. from occurring in the Group.

The Company established a working team for the supervision and management of anti-corruption of the Group. Comprised of departments such as discipline inspection and supervision, labour union, auditing and finance, the working team pays special attention to the regular supervision and inspection on the procurement, project construction, bidding and tendering, procedures for examination and approval, and implementation of mechanism, etc.

The Company established a petition and report system open to all staff and the society for supervision and whistle-blowing on the crimes such as job-related crimes, bribery, extortion, fraud and money laundering. It has designated persons responsible for the petition and report of the Company. In 2015, the Company has not yet received any report on crimes such as bribery, extortion, fraud and money laundering in the Group.

In 2015, there have been no illegal cases on job-related crimes, bribery, extortion, fraud and money laundering.

In 2015, there have been no concluded legal cases regarding corruption brought up by the Company or its employees.

The whistle-blowing procedures on crimes such as job-related crimes, bribery, extortion, fraud and money laundering, etc.:

Directly making the call or sending emails to report.

The hotline of the Company is: (0991) 4852923

The whistle-blowing email of the Company is: xxkyjw@163.com

COMMUNITY INVOLVEMENT

Community investment

The Group is engaged in and supports the welfare undertakings such as education, public health, culture and sport, etc. in the cities and towns where the employees' communities and the enterprises locate mainly through charitable donations.

In 2015, the Group has made charitable donations amounting to approximately RMB513,761.

The Directors are pleased to present the 2015 report and the audited financial statements of Xinjiang Xinxin Mining Industry Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2015 (the "Year").

PRINCIPAL ACTIVITIES

The principal activities of the Group and its associate and joint-venture companies are the mining, ore processing, smelting, refining and sales of nickel, copper and other non-ferrous metal products. There were no significant changes in the nature of the Group's principal activities during the Year.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 December 2015 and the state of financial affairs of the Company and the Group at that date are set out in the Financial Statements on pages 60 to 179.

The Board of Directors of the Company (the "Board of Directors" or the "Board") did not recommend any payment of final dividend for the year ended 31 December 2015.

BUSINESS REVIEW

The business review of the Group for the year has been set out in page 8 to 11 of the Chairman's Statement, in page 13 to 17 of the Management Discussion and Analysis and in page 36 to 42 of the Environmental, Social and Governance Report.

Fair review of business	Chairman's Statement
Principal risks and uncertainties	Management Discussion and Analysis
Events after the balance sheet date	Report of the Directors
Future development of the business of the Company	Chairman's Statement
Key performance indicators	Management Discussion and Analysis
Environmental policies and performance of the Company	Environmental, Social and Governance Report
Compliance of relevant laws and regulations	Environmental, Social and Governance Report
Principal relationships between the Company and employees, customers and suppliers	Report of the Directors

MAJOR INVESTMENTS AND EQUITY TRANSFER

The Company had no acquisitions, sale or merger of assets and other equity investments during the Year.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

As approved by the shareholders at the annual general meeting of the Company on 22 May 2015, the use of the proceeds from the global offering of approximately RMB165.5 million were adjusted to be used as working capital of the Company. Please refer to the circular of the Company dated 27 March 2015 for details of the adjustments. As at 30 June 2015, the proceeds from the global offering of the Company were fully used up.

BOND PAYABLES

The Company issued the first trench of 2014 medium-term notes on 18 February 2014 with the principal amount of RMB 500 million, for a term of 3 years and at a fixed rate of 7.12% per annum, and issued the first trench of 2015 medium-term notes on 12 November 2015 with the principal amount of RMB800 million, for a term of 3 years at a fixed rate of 6.50% per annum, and interest payment is made once a year. The proceeds were used for repayment of outstanding bank loans and replenishment of current capital of the Group.

SUMMARY OF FINANCIAL INFORMATION

A summary of the operating results and assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 5 to 6 of this annual report. This summary does not form part of the audited financial statements.

FIXED ASSETS

Details of movements in the fixed assets of the Company and the Group during the Year are set out in Note 4(10) and 15(9) to the Financial Statements, respectively. The Group did not hold any investment property.

SHARE CAPITAL

Details of movements in the Company's share capital during the Year are set out in Note 4(32) to the Financial Statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the People's Republic of China which would oblige the Company to offer new shares on a pro rata basis to its existing Shareholders.

MANAGEMENT CONTRACTS

No contracts for the management and administration of the whole or any substantial part of any business of the Company existed or was entered into during the Year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the Year.

RESERVES

Details of movements in the reserves of the Group and the Company during the Year are set out in the Consolidated and Company's Statement of Changes in Equity, respectively.

BANK LOANS AND BORROWINGS

As at 31 December 2015, the Group had bank loans and other interest-bearing borrowings with total amount of RMB4,847.6 million, of which unsecured loans and other interest-bearing borrowings amounted to RMB4,167.4 million and the bank loans secured by inventories, fixed assets, land use rights and commercial acceptance bills with discounts from banks amounted to RMB585.0 million, and gold lease and the related futures contracts amounted to RMB95.2 million.

DISTRIBUTABLE RESERVES

According to the Articles of Association of the Company as revised in October 2011, the reserves available for distribution are based on the Company's profit as determined under CAS. In accordance with the Company Law of the PRC, profit after tax can be distributed as dividends after the allocation to the statutory surplus reserve. As at 31 December 2015, the Group's distributable reserve attributable to shareholders of the Company under CAS amounted to RMB(484.3) million.

CHARITABLE CONTRIBUTIONS

During the Year, the Group made charitable contributions totalling RMB513,761.

MAJOR CUSTOMERS AND SUPPLIERS

As at 31 December 2015, the proportion of purchases and sales from major suppliers and major customers of the Company to the total purchases and sales, respectively, are as follows:

Purchases

The total purchases from the largest supplier of the Company represent 15.1% of the total purchase value. The total purchases from the five largest suppliers of the Company represent 32.8% of the total purchase value.

Sales

The total sales to the largest customer of the Company represent 22.1% of the total sales value. The total sales to the five largest customers of the Company represent 60.4% of the total sales value.

During the Year, Xinjiang Asele Copper Company Ltd. was the largest supplier of the Group and Xinjiang Non-ferrous held 34% of the equity interests of Xinjiang Asele Copper Company Ltd. Apart from that, to the best of the Directors' knowledge, none of the Directors, supervisors or their respective associates or any Shareholders of the Company who holds more than 5% of the issued share capital of the Company had any interest in any of the five largest customers or other five largest suppliers of the Group.

The important relationship between employees, customers and suppliers

Mr. Guo Haitang, a non-executive Director of the Company, is the Chairman and legal representative of Xinjiang Non-ferrous. Mr. Shi Wenfeng, a non-executive Director of the Company, is the deputy general manager of Xinjiang Non-ferrous, which is the parent company of the Company. Mr. Zhou Chuanyou, a non-executive Director of the Company, is one of the beneficial owners of the domestic shares of the Company (for details please refer to the paragraph headed Directors and Supervisors of the Report of the Directors).

Xinjiang Non-ferrous and its subsidiaries (collectively referred to as the "Xinjiang Non-ferrous Group") will provide construction services, certain production supplies, storage, transportation and loading services and other supporting and ancillary services to the Group; and the Group will provide products such as nickel cathode, copper cathode and sulphuric acid to the Xinjiang Non-ferrous Group (for details please refer to the paragraph headed Connected Transactions of the Report of the Directors).

A wholly-owned subsidiary of Xinjiang Non-ferrous provided certain supporting services including educational, nursery, medical and healthcare services to part of the employees of the Group (for details please refer to the paragraph headed Connected Transactions of the Report of the Directors).

Save as explained above, none of other employees, customers or suppliers of the Company has important relationship with the Company, nor has material impact on the Company nor is the key to the prosperity of the Company.

MAJOR LITIGATION OR ARBITRATION

The Group has no major litigation or arbitration as at the date of this report.

CONTINGENT LIABILITIES

Save as disclosed in Note 4(25) to the Financial Statements, the Group had no other significant contingent liabilities as at 31 December 2015.

CAPITAL COMMITMENTS

Saved as disclosed in Note 9(1) to the Financial Statements, the Group had no other significant capital commitments as at 31 December 2015.

EVENTS AFTER THE BALANCE SHEET DATE

On 28 March 2016, the Company signed the Equity Transfer Agreement with Xinjiang Non-ferrous in respect of the Disposal of 66% equity interest in Wuxin Copper at a consideration of the higher of RMB12 million or the audited net asset value of Wuxin Copper as at 31 December 2015. For details, please refer to the Company's announcement of the Major Transaction and Connected Transaction dated 29 March 2016.

Apart from the above, the Group has no other events after the balance sheet date which need to be disclosed or adjusted.

DIRECTORS AND SUPERVISORS

As at the balance sheet date and the date of this Report, the executive Directors of the Company are Messrs Guo Quan and Lu Xiaoping; non-executive Directors are Messrs Guo Haitang, Shi Wenfeng, Zhou Chuanyou and Hu Chengye; and independent non-executive Directors are Messrs Chen Jianguo, Wang Lijin and Li Wing Sum, Steven.

Mr. Zhang Guohua resigned as an executive Director of the Company due to personal business engagement on 3 March 2015. Mr. Guo Quan was appointed as an executive Director of the Company on 22 May 2015. Mr. Shi Wenfeng was re-designated from an executive Director to a non-executive Director on 18 December 2015.

As at the balance sheet date and the date of this Report, the Supervisors of the Company are Messrs Wang Haibang, Sun Baohui, Guo Zhonglin, Hu Zhijiang and Yao Wenying.

Ms. Yao Wenying was appointed as a Supervisor of the Company on 22 May 2015.

Biographical details of the Directors and Supervisors are set out on pages 18 to 24.

Directors of subsidiaries

As at the balance sheet date and the date of this Report, the Directors of subsidiaries of the Company are as follows:

1. The Directors of Xinjiang Kalatongke Mining Industry Company Limited are Mr. Lu Xiaoping, Mr. Dong Guoqing and Mr. Liu Qingli.

2. The Directors of Xinjiang Yakesi Resources Co. Ltd. are Mr. Liu Jun, Mr. He Hongfeng, Mr. Qi Xinhui, Mr. Hu Xinhai and Mr. Meng Guangzhi.

3. The Executive Director of Hami Jubao Resources Co. Ltd. is Mr. Qi Xinhui.

4. The Executive Director of Beijing Xinding Shunze High Technology Co., Ltd. is Mr. Wang Zhongwen.

5. The Directors of Xinjiang Wuxin Copper Mining Co., Ltd. are Mr. Wu Jianhui, Mr. Lu Xiaoping, Mr. He Hongfeng, Mr. Huo Lixin and Mr. Wu Zaijiu.

6. The Directors of Xinjiang Zhongxin Mining Industry Co., Ltd. are Mr. Qi Xinhui, Mr. Liu Jun and Mr. He Hongfeng.

7. The Directors of Shaanxi Xinxin Mining Co., Ltd. are Mr. Liu Bingqiang, Mr. Guo Quan, Mr. Liu Jun, Mr. Dang Xinsheng and Mr. Gao Xiaozhen.

8. The Directors of Xinjiang Mengxi Mining Co., Ltd. are Mr. Dang Xinsheng, Mr. Hu Jianming and Mr. Sang Shaojie.

9. The Executive Director of Fukang Xinlin Chemical Co., Ltd. is Mr. Sun Baohui.

Service contracts of Directors and Supervisors

Each of the Directors and Supervisors has entered into a service contract for a term of three years with the Company from 14 October 2014 or the date of new appointment to the expiration of the term of the fourth session of the Board of Directors and of the Supervisors Committee of the Company.

Pursuant to Articles 106 and 145 of the Articles of Association, the term for Directors and Supervisors is three years commencing from the date of their respective appointment or re-appointment, subject to re-appointment at a general meeting.

Save as disclosed above, there are no service contracts between the Company or its subsidiaries and any of the Directors or Supervisors which is not determinable by the Company within one year without payment of compensation apart from statutory compensation.

Confirmation of independence

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and considers all the independent non-executive Directors to be independent.

Directors’ and Supervisors’ remunerations

Details of remunerations of Directors and Supervisors of the Company for the year ended 31 December 2015 are set out, on a named basis, in Note 8 to the Financial Statements.

Directors’ and Supervisors’ interests in contracts

No contract of significance, to which the Company or its subsidiaries or any of its holding companies or fellow subsidiaries was a party and in which a Director or Supervisor had either a direct or indirect material interest, subsisted as at the end of the Year or at any time during the Year.

Directors’ and Supervisors’ interests and short positions in shares

Share Appreciation Rights Incentive Scheme

At the annual general meeting held on 29 May 2008, the Company adopted and approved a share appreciation rights incentive scheme (the “Share Appreciation Rights Incentive Scheme” or “SARIS”) to acknowledge the contributions of its senior management and key personnel. The SARIS is an arrangement providing for incentive for the management of the Company such that it attaches importance to the performance of the shares of the Company and its long-term development without the characteristics of shares. It is intended to align the senior management’s interests to those of the Company and its shareholders. It is intended that the operation of the SARIS will not involve any issue of new H shares of the Company, and the exercise of any share appreciation rights will not create a dilution effect on the Company’s shareholding structure.

The SARIS entitles persons who are granted such rights to receive cash payments when the Company’s share price rises above the exercise price granted in the share appreciation rights in a certain pre-determined period, subject to certain terms and conditions of the SARIS.

The share appreciation rights are not transferable, nor are there any voting rights attached to the share appreciation rights. The SARIS is not a scheme involving the grant of options over new securities of the Company, and therefore will not fall within the ambit of, and will not be subject to, Chapter 17 of the Listing Rules.

There were no share appreciation rights allocated and outstanding as at 31 December 2015.

As at 31 December 2015, the interests or short positions, if any, of the Directors and Supervisors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("SFO")) as recorded in 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 Companies ("Model Code") were as follows:

Long Positions in Shares and Underlying Shares of the Company by the Directors/Supervisors as at 31 December 2015

	Number of Shares held					
Director/Supervisor	Personal interest	Corporate interests	Total interests	Classes of share	Percentage of aggregate interests to relevant class of share	Percentage of aggregate interests to the total share capital
Zhou Chuanyou		480,924,000	480,924,000	Domestic share *(Note 1)*	33.14	21.76

Note 1: The domestic shares are held by Shanghai Yilian and Zhongjin Investment. The entire shareholding or equity interest of Shanghai Yilian and Zhongjin Investment are beneficially owned by Zhou Chuanyou.

Save as disclosed above, none of Directors and Supervisors and their respective associates had, as at 31 December 2015, any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which would be required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or which would be required, pursuant to section 352 of the SFO, to be and are recorded in the register required to be kept by the Company or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company were granted to any Director and Supervisors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, its subsidiaries or any of fellow subsidiaries a party to any arrangement to enable the Directors or Supervisors to acquire such rights in any other body corporate.

DIRECTORS' AND SUPERVISORS' INTERESTS IN COMPETING BUSINESSES

During the Year and up to the date of this report, the following Director is considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Company, as defined in the Listing Rules:

Mr. Guo Haitang is the Chairman of Xinjiang Non-ferrous and also acts as the legal representative of Xinjiang Non-ferrous to sign any deeds, material contracts and other material documents of Xinjiang Non-ferrous. Mr. Shi Wenfeng is the vice general manager of Xinjiang Non-ferrous. Mr. Guo and Mr. Shi have not given any confidential or sensitive commercial information of the Company to Xinjiang Non-ferrous or any other third party and have physically abstained the voting right of directors to consider connected transactions with Xinjiang Non-ferrous.

As the Board of Directors of the Company is independent from the board of directors of Xinjiang Non-ferrous and the above Director does not control the Board of the Company, the Group is capable of carrying on its businesses independent from, and at arm's length from, the business of Xinjiang Non-ferrous.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

So far as was known to any Director or Supervisor, as at 31 December 2015, the persons or companies (other than a Director or Supervisor of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly deemed to be interested in 5% or more than the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

Name	Number of shares held	Class of share	Approximate percentage of shareholding on relevant class of shares *(%)*	Approximate percentage of the total share capital *(%)*
Xinjiang Non-ferrous	885,204,000(L)	Domestic share	61.01	40.06
Shanghai Yilian *(Note)*	282,896,000(L)	Domestic share	19.50	12.80
Zhongjin Investment *(Note)*	198,028,000(L)	Domestic share	13.65	8.96
The National Council for Social Security Fund of the PRC (中國全國社會保障基金理事會)	69,000,000(L)	H share	9.09	3.12

(L): Long positions

Note: The entire shareholding or equity interests of Shanghai Yilian and Zhongjin Investment are beneficially owned by Mr. Zhou Chuanyou.

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

CONNECTED TRANSACTIONS

Certain related party transactions as disclosed in Note 8 to the Financial Statements also constituted connected transactions under the Listing Rules and are required to be disclosed in accordance with Chapter 14A of the Listing Rules.

Connected transaction not exempt under the Listing Rules

For the year ended on 31 December 2015, the Group has no connected transaction which is not exempt under the Listing Rules.

Continuing connected transactions not exempt under the Listing Rules

1. Mutual Supply Agreement

On 19 October 2012, Xinjiang Non-ferrous and the Company entered into a renewed mutual supply agreement (the "Existing Mutual Supply Agreement") whereby both parties agreed that (A) Xinjiang Non-ferrous and its subsidiaries (collectively referred to as the "Xinjiang Non-ferrous Group") will provide construction services, certain production supplies, storage, transportation and loading services and other supporting and ancillary services to the Group; and (B) the Group will provide products such as nickel cathode, copper cathode and sulphuric acid to the Xinjiang Non-ferrous Group from 1 January 2013 to 31 December 2015.

For each of the three years ending 31 December 2013, 2014 and 2015, the annual caps of the aggregate fees payable by the Group to Xinjiang Non-ferrous Group in respect of the construction services and supporting and ancillary services are approximately RMB1.62 billion, RMB2.17 billion and RMB2.35 billion, respectively. For the year ended 31 December 2015, the total transaction amount payable by the Group to Xinjiang Non-ferrous Group in respect of the construction services and supporting and ancillary services was approximately RMB569.2 million.

For each of the three years ending 31 December 2013, 2014 and 2015, the annual caps of the aggregate fees payable by Xinjiang Non-ferrous Group to the Group in respect of product fees are approximately RMB55.5 million, RMB65 million and RMB75 million. For the year ended 31 December 2015, the total transaction amount payable by Xinjiang Non-ferrous Group to the Group in respect of product fees was approximately RMB64.4 million.

The Existing Mutual Supply Agreement expired on 31 December 2015. On 30 October 2015, Xinjiang Non-ferrous and the Company entered into a renewed mutual supply agreement (the "Renewed Mutual Supply Agreement") in respect of the continuing provision of the services under the Existing Mutual Supply Agreement from 1 January 2016 to 31 December 2018.

For each of the three years ending 31 December 2016, 2017 and 2018, the annual caps of the aggregate fees payable by the Group to Xinjiang Non-ferrous Group in respect of the construction services and supporting and ancillary services are approximately RMB948.9 million, RMB1.0 billion and RMB1.1 billion, respectively.

For each of the three years ending 31 December 2016, 2017 and 2018, the annual caps of the aggregate fees payable by Xinjiang Non-ferrous Group to the Group in respect of products fees are approximately RMB124.1 million, RMB137.2 million and RMB150.1 million, respectively.

2. Comprehensive Services Agreement

On 19 October 2012, Kalatongke Mining, a wholly-owned subsidiary of the Company, entered into a renewed comprehensive services agreement (the "Existing Comprehensive Services Agreement") with Xinjiang Non-ferrous Metal Industry (Group) Fuyun Xingtong Service Company Limited* (新疆有色金屬工業（集團）富蘊興銅服務有限公司) ("Fuyun Xingtong"), a wholly-owned subsidiary of Xinjiang Non-ferrous, whereby Fuyun Xingtong agreed to provide certain supporting services including educational, nursery, medical and healthcare services to the employees of the Group from 1 January 2013 to 31 December 2015.

For each of the three years ending 31 December 2013, 2014 and 2015, the annual caps of the services fees payable by the Group to Fuyun Xingtong are approximately RMB3.5 million, RMB3.8 million and RMB3.8 million, respectively. For the year ended 31 December 2015, the total transaction amount of the services fees payable by the Group to Fuyun Xingtong was approximately RMB3.4 million.

The Existing Comprehensive Services Agreement expired on 31 December 2015. On 30 October 2015, Kalatongke Mining, a wholly-owned subsidiary of the Company, and Fuyun Xingtong entered into a renewed comprehensive services agreement (the "Renewed Comprehensive Services Agreement") in respect of the continuing provision of the supporting services to Kalatongke Mining under the Existing Comprehensive Services Agreement from 1 January 2016 to 31 December 2018. For each of the three years ending 31 December 2016, 2017 and 2018, the annual caps of the services fees payable by the Company to Fuyun Xington are all approximately RMB3.4 million.

3. Property Lease Agreement

On 19 October 2012, the Company entered into a renewed property lease agreement (the "Existing Property Lease Agreement") with Xinjiang Non-ferrous pursuant to which Xinjiang Non-ferrous agreed to lease to the Company office premises on the 7th and 8th floors, Youse Building, No. 4 You Hao North Road, Urumqi, Xinjiang, the PRC with a total gross floor area of approximately 1,992 square metres (the "Office Premises") for office use from 1 January 2013 to 31 December 2015.

For each of the three years ending 31 December 2013, 2014 and 2015, the annual caps of the rental payable to Xinjiang Non-ferrous by the Company are all approximately RMB1.6 million. For the year ended 31 December 2015, the rental payable by the Company to Xinjiang Non-ferrous was approximately RMB1.6 million.

The Existing Property Lease Agreement expired on 31 December 2015. On 30 October 2015, the Company entered into a renewed property lease agreement with Xinjiang Non-ferrous (the "Renewed Property Lease Agreement") pursuant to which Xinjiang Non-ferrous agreed to continue to lease the Office Premises to the Company from 1 January 2016 to 31 December 2018. For each of the three years ending 31 December 2016, 2017 and 2018, the annual caps of the rental payable to Xinjiang Non-ferrous by the Company are all approximately RMB1.6 million.

* The English name is a translation of the original Chinese name and provided for reference only.

The independent non-executive Directors of the Company have reviewed the above continuing connected transactions and confirmed the said transactions as set out in the annual report and the accounts of the Company and are of the view that the continuing connected transactions:

(i) were in the ordinary and usual course of business of the Company;

(ii) have been entered into by the Company on normal commercial terms or on terms no less favorable to the Company than terms to or by independent third parties; and

(iii) have been entered in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interest of the Shareholders as a whole.

PricewaterhouseCoopers Zhong Tian LLP, the auditors of the Company, has performed certain procedures on the continuing connected transactions and confirmed in writing to the Board that the above-mentioned continuing connected transactions:

1. have been approved by the Board;

2. are in accordance with the pricing policies of the Company if the transactions involved provision of goods or services by the Company;

3. have been entered into and conducted in accordance with the relevant agreements governing the transactions; and

4. have not exceeded the annual caps and revised annual caps disclosed in the relevant announcements of the continuing connected transactions.

NON-COMPETITION AGREEMENT

As disclosed in the Prospectus, the independent non-executive Directors will review, on an annual basis, the exercise or non-exercise of the right of first refusal to purchase the 34% shareholding or any part thereof in Ashele Copper (as defined in the Prospectus) as held by Xinjiang Non-ferrous under the Non-competition Agreement (as defined in the Prospectus). The non-competition restrictions took effect on 12 October 2007. Xinjiang Non-ferrous has confirmed that it has not breached any of the terms of the Non-competition Agreement and has provided all information necessary for annual review by the independent non-executive Directors of the Company. An annual review has been conducted by the independent non-executive Directors of the Company on such decisions whether to exercise or not to exercise the right of first refusal.

RELATED PARTY TRANSACTIONS

The Group is also involved in a number of related party transactions, details of which have been disclosed in Note 8 to the Financial Statements.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

REPORT OF THE DIRECTORS

CLOSURE OF REGISTER FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from 27 April 2016 to 27 May 2016 (both days inclusive), during which time no share transfers will be registered. In order to be eligible to attend the 2015 annual general meeting of the Company, instruments of transfer accompanied by share certificates and other appropriate documents must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on 26 April 2016.

AUDIT COMMITTEE

Written terms of reference of the audit committee based primarily on "A Guide for Effective Audit Committees" issued by the Hong Kong Institute of Certified Public Accountants have been adopted by the Board of Directors.

The audit committee provides an important link between the Board of Directors and the Company's auditors in matters falling within the scope of the audit of the Company and the Group. It will review the effectiveness of the external audit and internal controls and risk evaluation and will provide comments and advice to the Board of Directors. The audit committee comprises one non-executive Director namely, Mr. Hu Chengye and two independent non-executive Directors, namely, Mr. Chen Jianguo and Mr. Li Wing Sum, Steven, with Mr. Chen Jianguo serving as the Chairman. The audit committee and management have reviewed the audited results of the Group for the year ended 31 December 2015.

AUDITORS

The consolidated financial statements of the Company for the year ended 31 December 2015 have been audited by PricewaterhouseCoopers Zhong Tian LLP, who will retire upon the conclusion of the forthcoming annual general meeting of the Company. A resolution for the re-appointment of PricewaterhouseCoopers Zhong Tian LLP as the international and the PRC auditors of the Company is to be proposed at the forthcoming annual general meeting of the Company.

By order of the Board

Guo Haitang
Chairman

Xinjiang, the PRC
30 March 2016

To all Shareholders:

In 2015, in accordance with the principle of being accountable to all shareholders, together with support and coordination from the Board and leaders at all levels of the Group, the Supervisory Committee of the Company (the "Supervisory Committee") has been committed to fulfilling and fully complied with the work duties pursuant to the Articles of Association of the Company, in order to facilitate a disciplined operation, management and development of the enterprise in respect of the effect, scope and methods of supervision and others. The independent opinion report in relation to status of the works and duties fulfilled by the Supervisory Committee is set out below:

I. WORKING BY RULES, OPERATING BY LAWS AND PERFORMING MONITORING FUNCTIONS

(I) Status of meetings of the Supervisory Committee

The Supervisory Committee held two meetings in 2015. The supervisors attended all the meetings of the Board and the Chairman of the Supervisory Committee attended general manager's meetings in 2015, where he received all significant proposals and resolutions of the Company, recognised all important decision-making process of the Company, knew the operating performance results of the Company and performed the informed and supervisory functions of the Supervisory Committee.

On the second meeting of the fourth session of the Supervisory Committee of the Company held on 20 March 2015, eight relevant resolutions were considered and approved, including the Report of the Supervisory Committee of the Company for 2014, the audited Consolidated Financial Statement of the Company for the year ended 31 December 2014, the Annual Report of the Company for 2014, the Resolution regarding that no final dividend shall be made for the year ended 31 December 2014, the internal audit report for 2014, the internal audit plan for 2015, and the resolution in relation to the recommendation of Ms. Yao Wenying as a candidate of the independent supervisor of the fourth session of the Supervisory Committee of the Company.

On the third meeting of the fourth session of the Supervisory Committee of the Company held on 21 August 2015, two relevant resolutions were considered and approved, including the Consolidated Financial Statement of the Company for the six months ended 30 June 2015 (unaudited) and the interim report of the Company for 2015.

(II) Through attending general meetings and Board meetings, the Supervisors know and participate in the consideration of major decision-making of the Company, which plays a statutory role in supervision as necessary.

(III) Through various activities including the attendance at the general manager's meetings, the Supervisory Committee has effectively monitored significant economic activities of the Company such as project construction, connected transactions, operation performance evaluation of subsidiaries and branch. The Supervisory Committee members have conducted site visits, investigation and research studies to provide relevant opinions and recommendations regarding the issues concerned.

(IV) The Supervisory Committee has monitored the lawfulness and truth of the financial operations of the Company by examining its financial plans and reviewing various financial statements of the Company.

(V) The Supervisory Committee has monitored the performance of the senior management of the Company and the management of the Company's subsidiaries, maintained frequent communications with them and offered their opinions and suggestions on job performance.

In 2015, all Supervisors of the Company have uplifted their ability of job performance and carried out their obligations and duties diligently in accordance with the annual work plan of the Supervisory Committee. The two independent Supervisors, who are experienced financial specialists, have made significant progress in enhancing the Supervisory Committee's ability to monitor the lawfulness of the financial operation of the Company through improving the independence of the Supervisory Committee.

II. ENHANCING THE SUPERVISION ON THE OPERATION OF THE COMPANY TO PREVENT VIOLATIONS

In accordance with the requirements of relevant laws and the Articles of Associations of the Company based on the principle of "Just, fair and open", the Supervisory Committee conducted tracking and supervision on daily operation of the Company. The Board and the management have given due attention, support and convenience to the works of the Supervisory Committee. Through supervision and examination on the operating, financial and management conditions, the Supervisory Committee is of the view that the Company has conducted its business in respect of corporate governance, business development of the headquarters and all branches and subsidiaries, financial accounting and operational results of the Company pursuant to the requirements of the Articles of Association of the Company in 2015. The Supervisory Committee has not found any damage to the interests of the Company and the Shareholders. The Company has conducted its business pursuant to the general meetings and the terms of reference of the Board and the management, and did not violate the Articles of Association of the Company to deal with any corporate business unauthorized. The general meeting has fulfilled its functions of the right, the Board has fulfilled its functions of discussion-making, the Supervisory Committee has fulfilled its functions of supervision and the management has fulfilled its functions execution in general. In addition, the Supervisory Committee had not found any acts of Directors and senior management which are in breach of discipline, laws and regulations and the Articles of Association of the Company or against the interests of the Company in fulfilling their duties.

III. OVERALL EVALUATION OF THE SUPERVISORY COMMITTEE ON THE PERFORMANCE OF THE COMPANY IN 2015

The Supervisory Committee considered that the business and operation of the Company in 2015 were overall in compliance with the requirements of laws and regulations. Each Director and member of the senior management of the Company, under their fiduciary duties, no acts were found to be in violation of rules, regulations or laws. The material operating activities of the Company in 2015 were conducted with open transactions and reasonable prices. No inside transaction, situations harming the interests of the shareholders or cases of asset loss of the Company were found. The Board and the management of the Company discharged their duties in a conscientious and responsible manner during the year. In the backdrop of the market downturn, the performance of the "two down and one up（兩降一升）", cost reduction and efficiency improvement programs had obvious effects.

(I) Assets of the Company

In 2015, the Company had no mergers and acquisitions.

The details of the Company's loans and financing, fixed assets, investments on technological renovation projects and geological prospecting and other assets, have been truthfully disclosed in the financial report of the Company.

(II) Financial Management of the Company

The Supervisory Committee has conscientiously inspected, audited and supervised the financial position and management of the Company for 2015 in accordance with laws. PricewaterhouseCoopers Zhong Tian LLP have audited the 2015 financial report of the Company which have been prepared in accordance with the CASBE and issued the auditors' report with unqualified opinion but with emphasis of matter. The Supervisory Committee is of the view that the Company has a sound financial system, standard internal operation and good financial position. The 2015 financial report of the Company truly, accurately and completely present the financial position and operating results of the Company.

Operating revenue of the Company for 2015 was RMB2,685.9 million and the consolidated loss attributable to shareholders of the Company was RMB741.0 million.

In 2015, the Company did not encounter any circumstances of misappropriation of fund of the Company by controlling shareholders and other connected parties.

(III) Connected Transactions

In 2015, the Group was involved in connected transactions with the Company's controlling shareholder Xinjiang Non-ferrous and its subsidiaries, with regard to construction service, supply of raw material and transportation which amounted to RMB569.2 million, labour service payment to Fuyun Xingtong which amounted to RMB3.4 million, product sales which amounted to RMB64.4 million and lease payment which amounted to RMB1.6 million. All connected transactions were conducted within the scope of the Mutual Supply Master Agreement between Xinjiang Non-ferrous Metal Industry (Group) Ltd. and Xinjiang Xinxin Mining Industry Co., Ltd. upon reviews. The transaction amounts also have not exceeded the Company's 2015 annual caps of continuing connected transaction, which were approved by the Board or general meetings. All the connected transactions were made pursuant to the market rule, being fair and reasonable. No deterioration of the Company's interests was found. The Company has also engaged PricewaterhouseCoopers Zhong Tian LLP to perform the duties of international auditors and perform certain procedures on relevant transactions, for details please refer to pages 60 to 61 of this annual report.

(IV) Internal Control of the Company

The Supervisory Committee is of the view that, the Company has established a relatively sound corporate governance structure and an internal control and management system in accordance with relevant laws, regulations and the Company's actual situation, which is in line with the development needs of the operation and management goals at the current stage and the actual demands of production, operation and management of the Company and ensures the standard operation of the Company's businesses and segments, and the effective prevention and control of operation risks. In the reporting period, the Company's internal control system was standard and legal, and run in an effective way.

The Company complied with laws and regulations on financial management and adopted high level auditing, strengthening costs control, increasing revenue and reducing expenses as control procedures in the financial operation of the Company.

The Company implemented a set of performance assessment mechanism for remuneration management and ensured fairness and transparency, which greatly aroused the enthusiasm of staff.

On production management, the Company explored internal potentials and endeavored to increase and stabilize production, pursued a streamlined management, met the index of "two down and one up (兩降一升)" at different levels, uplifted levels of skills and techniques further and continuously improved the recycle rate of metal and the ability of comprehensive multi-metal recycling. The reasonable use of external resources helped increase the total output of the Company.

For procurement, the Company underwent at-least-three-bids system with qualitative products, competitive price and open tender to ensure the quality of products, so as to reduce the procurement costs, level of inventory and guarantee the production.

For sales of products, the Company kept a close eye on any updated news on international and domestic markets, carried out in-depth analysis on price trend, conducted research and adjusted the marketing strategies in time and realized the sales in high price and maximized its benefits.

Construction projects of the Company were carried out on schedule. The major progress was under control of the Company and the quality of the works was comprehensively guaranteed.

In respect of human resources management, the Company recruited, trained and maintained various kinds of talents, and continuously improved the quality of the team of employees in accordance with the requirements of the continuous development of the Company.

The internal audit of the Company has been continuously effective, performing important roles particularly in supervising and refining the tendering and bidding of major projects.

(V) Performance of Duties by the Directors and Senior Management of the Company

All directors and senior management of the Company were diligent and responsible in their work during 2015. They conformed to the laws and regulations and demonstrated cooperation. Their duties were properly segregated. They were responsible and ensured effective implementation of all resolutions as approved by general meetings and the Board. In carrying out their duties, there were no breaches of the laws and regulations, the Articles of Association of the Company or any other actions which were against the interests of the Company. As a result of the scientific decisions on the major issues of the Company and efficient implementation made by the Board and the management, the Company achieved outstanding performance in various aspects including production, safety, operations and project construction.

IV. FOCUS OF THE SUPERVISORY COMMITTEE IN 2016

In 2016, the Supervisory Committee will further supervise and promote the standard operation of governance structure of the Company in accordance with the relevant provisions under the Articles of Association of the Company. The Supervisory Committee will pay more attention to the coordination and operation amongst the institutions of authority, decision-making and implementation of the Company; harmonious relationship between all shareholders and management teams of the Company; progress and problems in relation to the diligence, moral behaviors, performance, etc. of the management of the Company at all levels. In the coming year, the Supervisory Committee will faithfully fulfill its duties and conscientiously protect the legal interests of the Company and all shareholders in accordance with the relevant laws, regulations and the Articles of Association of the Company.

By order of the Supervisory Committee
Wang Haibang
Chairman of the Supervisory Committee

Xinjiang, the PRC
30 March 2016

pwc 普华永道

AUDITOR'S REPORT

PwC ZT Shen Zi (2016) No. 10112
(Page 1 of 2)

TO THE SHAREHOLDERS OF
XINJIANG XINXIN MINING INDUSTRY CO., LTD.

We have audited the accompanying financial statements of Xinjiang Xinxin Mining Industry Co., Ltd. (hereinafter "the Company"), which comprise the consolidated and company balance sheets as at 31 December 2015, and the consolidated and company income statements, the consolidated and company statements of changes in shareholders' equity and the consolidated and company cash flow statements for the year then ended, and the notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of Accounting Standards for Business Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing 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, the auditor considers internal control relevant to the entity's 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 entity's 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.

普华永道中天会计师事务所(特殊普通合伙)
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AUDITOR'S REPORT
(CONTINUED)

PwC ZT Shen Zi (2016) No. 10112
(Page 2 of 2)

OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of Xinjiang Xinxin Mining Industry Co., Ltd. as at 31 December 2015, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

EMPHASIS OF MATTER

We draw your attention to Note 2(1) to the consolidated financial statements, which states that the Company and its subsidiaries (hereinafter "the Group") reported a net loss of RMB943,130,017.53 and operating cash outflows of RMB146,044,612.02 during the year ended 31 December 2015. As at the same date, the Group's current liabilities exceeded its current assets by RMB391,472,438.49. Such conditions, along with other matters as described in Note 2(1) to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

PricewaterhouseCoopers Zhong Tian LLP

Shanghai, the People's Republic of China
30 March 2016

CONSOLIDATED AND COMPANY BALANCE SHEETS

AS AT 31 DECEMBER 2015
(All amounts in RMB Yuan unless otherwise stated)

ASSETS	*Notes*	**31 December 2015 Consolidated**	31 December 2014 Consolidated	**31 December 2015 Company**	31 December 2014 Company
Current assets					
Cash at bank and on hand	4(1)/16(1)	**762,293,074.50**	737,212,663.38	**160,061,754.45**	398,009,698.40
Notes receivable	4(2)/16(2)	**47,573,711.28**	228,980,597.49	**41,880,068.20**	228,980,597.49
Accounts receivable	4(3)/16(3)	**115,327,736.69**	87,259,200.68	**77,252,546.59**	16,174,103.68
Other receivables	4(4)/16(4)	**106,659,699.38**	55,937,245.51	**160,946,464.22**	290,377,594.50
Advances to suppliers	4(5)/16(5)	**48,641,356.91**	97,617,351.71	**725,886,280.65**	426,285,712.04
Interest receivable		**–**	–	**1,588,888.88**	–
Inventories	4(6)/16(6)	**2,684,877,960.51**	2,646,364,635.19	**1,514,985,263.23**	1,112,625,279.31
Other current assets	4(7)/16(7)	**431,267,452.56**	382,510,277.41	**162,962,020.71**	66,431,430.60
Total current assets		**4,196,640,991.83**	4,235,881,971.37	**2,845,563,286.93**	2,538,884,416.02
Non-current assets					
Long-term equity investments	4(9)/16(8)	**134,213,324.52**	156,008,153.98	**2,504,221,494.23**	3,053,939,574.85
Long-term receivable	16(9)	**–**	–	**800,000,000.00**	–
Fixed assets	4(10)/16(10)	**4,995,060,869.21**	5,063,292,696.13	**522,672,001.12**	542,222,811.18
Construction materials	4(11)	**1,251,725.55**	1,821,074.60	**569,650.57**	–
Construction in progress	4(12)	**1,345,171,170.71**	1,252,643,186.91	**13,069,909.88**	15,178,618.20
Intangible assets	4(13)/16(11)	**1,033,220,892.60**	1,013,815,096.78	**48,223,513.82**	34,692,712.34
Goodwill	4(14)	**28,087,550.20**	28,087,550.20	**–**	–
Long-term prepaid expenses		**193,339.87**	132,545.42	**–**	–
Deferred tax assets	4(31)/16(12)	**101,827,805.74**	44,044,780.92	**131,056,765.30**	795,381.44
Other non-current assets	4(15)	**67,500,000.00**	90,110,000.00	**–**	14,110,000.00
Total non-current assets		**7,706,526,678.40**	7,649,955,084.94	**4,019,813,334.92**	3,660,939,098.01
TOTAL ASSETS		**11,903,167,670.23**	11,885,837,056.31	**6,865,376,621.85**	6,199,823,514.03

CONSOLIDATED AND COMPANY BALANCE SHEETS

AS AT 31 DECEMBER 2015
(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND OWNERS' EQUITY	Notes	31 December 2015 Consolidated	31 December 2014 Consolidated	31 December 2015 Company	31 December 2014 Company
Current liabilities					
Short-term borrowings	4(27)(b)	**1,500,000,000.00**	1,116,500,000.00	**100,000,000.00**	–
Financial liabilities at fair value through profit or loss	4(17)	**404,215,811.92**	651,243,670.00	**–**	–
Notes payable	4(18)	**748,410,000.00**	536,675,669.66	**543,300,000.00**	50,000,000.00
Accounts payable	4(19)/16(14)	**582,629,071.73**	514,075,601.30	**34,003,615.78**	30,173,384.50
Advances from customers	4(20)/16(15)	**29,474,427.41**	18,646,187.59	**20,818,319.02**	15,460,877.42
Employee benefits payable	4(21)/16(16)	**58,388,000.14**	52,353,108.53	**18,582,409.06**	18,716,409.44
Taxes payable	4(22)/16(17)	**8,699,624.88**	10,889,279.85	**507,058.81**	5,046,915.74
Interest payable	4(23)/16(18)	**41,946,753.91**	36,414,233.64	**37,704,109.56**	30,723,287.66
Other payables	4(24)/16(19)	**638,349,740.33**	466,781,074.54	**75,002,875.80**	61,041,295.99
Current portion of non-current liabilities	4(26)	**576,000,000.00**	502,020,000.00	**–**	–
Total current liabilities		**4,588,113,430.32**	3,905,598,825.11	**829,918,388.03**	211,162,170.75
Non-current liabilities					
Provisions	4(25)	**8,383,557.06**	7,021,778.10	**–**	–
Long-term borrowings	4(27)(a)	**1,068,760,000.00**	1,635,463,988.95	**–**	–
Bond payable	4(28)	**1,300,000,000.00**	500,000,000.00	**1,300,000,000.00**	500,000,000.00
Long-term payables	4(29)	**76,341,874.43**	45,815,570.76	**–**	–
Deferred income	4(30)	**54,262,893.03**	52,585,559.19	**787,114.00**	848,446.00
Deferred tax liabilities	4(31)	**142,985,405.13**	140,510,508.19	**–**	–
Total non-current liabilities		**2,650,733,729.65**	2,381,397,405.19	**1,300,787,114.00**	500,848,446.00
Total liabilities		**7,238,847,159.97**	6,286,996,230.30	**2,130,705,502.03**	712,010,616.75
Owners' equity					
Share capital	4(32)	**552,500,000.00**	552,500,000.00	**552,500,000.00**	552,500,000.00
Capital surplus	4(33)	**4,263,591,716.44**	4,254,754,857.49	**4,254,754,857.49**	4,254,754,857.49
Specific reserve	4(34)	**–**	227,157.17	**–**	–
Surplus reserve	4(35)	**249,625,789.74**	249,625,789.74	**249,625,789.74**	249,625,789.74
(Accumulated Losses)/undistributed profits	4(36)	**(484,316,830.46)**	256,711,684.04	**(322,209,527.41)**	430,932,250.05
Total equity attributable to shareholders of the Company		**4,581,400,675.72**	5,313,819,488.44	**4,734,671,119.82**	5,487,812,897.28
Non-controlling interests	6(1)	**82,919,834.54**	285,021,337.57	**–**	–
Total owners' equity		**4,664,320,510.26**	5,598,840,826.01	**4,734,671,119.82**	5,487,812,897.28
TOTAL LIABILITIES AND OWNERS' EQUITY		**11,903,167,670.23**	11,885,837,056.31	**6,865,376,621.85**	6,199,823,514.03

The accompanying notes form an integral part of these financial statements.

Legal representative:	Principal in charge of accounting:	Head of accounting department:
Guo Haitang	**He Hongfeng**	**Li Jianhua**

CONSOLIDATED AND COMPANY INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015
(All amounts in RMB Yuan unless otherwise stated)

	Notes	2015 Consolidated	2014 Consolidated	2015 Company	2014 Company
1. Revenue	4(37)/16(20)	**2,685,876,829.69**	3,392,423,966.19	**559,923,332.10**	1,850,693,394.51
Less: Cost of sales	4(37)/16(20)	**(2,891,578,382.45)**	(2,982,011,465.52)	**(538,853,498.48)**	(1,648,158,123.90)
Taxes and surcharges	4(39)	**(8,101,690.65)**	(12,950,983.99)	**(246,615.90)**	(1,397,090.19)
Selling and distribution expenses	4(40)	**(66,267,904.77)**	(42,737,067.41)	**(6,526,723.82)**	(13,618,115.85)
General and administrative expenses	4(41)	**(184,575,946.91)**	(157,940,748.68)	**(44,948,598.94)**	(43,839,356.29)
Financial expenses – net	4(42)/16(21)	**(240,645,649.21)**	(167,254,084.18)	**(37,682,400.80)**	(38,161,782.47)
Assets impairment (losses)/reversal	4(16)/4(43)/16(13)	**(298,202,566.55)**	1,873,800.10	**(800,891,240.83)**	40,273,940.66
Add: (Losses)/gains on the changes in fair value	4(44)	**(1,275,232.45)**	7,459,800.00	**–**	–
Investment (losses)/income	4(45)/16(23)	**(14,240.73)**	(13,273,350.11)	**(13,792,143.69)**	102,416,749.38
Including: Share of (losses)/profit of joint venture		**(13,792,143.69)**	7,589,100.90	**(13,792,143.69)**	7,589,100.90
2. Operating (loss)/profit		**(1,004,784,784.03)**	25,589,866.40	**(883,017,890.36)**	248,209,615.85
Add: Non-operating income	4(46)	**7,290,601.31**	8,246,990.63	**522,695.00**	3,051,914.02
Including: Gains on disposal of non-current assets		**84,769.25**	272,472.05	**1,500.00**	58,539.63
Less: Non-operating expenses	4(47)	**(1,916,032.39)**	(1,989,959.69)	**(503,174.69)**	(165,337.11)
Including: Losses on disposal of non-current assets		**(94,024.05)**	(573,126.41)	**(27,197.94)**	(5,603.40)
3. Total (loss)/profit		**(999,410,215.11)**	31,846,897.34	**(882,998,370.05)**	251,096,192.76
Less: Income tax credit/(expenses)	4(48)/16(24)	**56,280,197.58**	(19,098,919.91)	**129,856,592.59**	(8,633,454.38)
4. Net (loss)/profit		**(943,130,017.53)**	12,747,977.43	**(753,141,777.46)**	242,462,738.38
Attributable to shareholders of the Company		**(741,028,514.50)**	77,761,937.85	**(753,141,777.46)**	242,462,738.38
Non-controlling interests	6(1)	**(202,101,503.03)**	(65,013,960.42)	**–**	–
5. Other comprehensive income after tax		**–**	–	**–**	–
6. Total comprehensive (loss)/income		**(943,130,017.53)**	12,747,977.43	**(753,141,777.46)**	242,462,738.38
Comprehensive (loss)/income attributable to shareholders of the Company		**(741,028,514.50)**	77,761,937.85	**(753,141,777.46)**	242,462,738.38
Comprehensive loss attributable to non-controlling interests		**(202,101,503.03)**	(65,013,960.42)	**–**	–
7. (Loss)/earnings per share					
Basic (loss)/earnings per share	4(49)	**(0.335)**	0.035	**–**	–
Diluted (loss)/earnings per share	4(49)	**(0.335)**	0.035	**–**	–

The accompanying notes form an integral part of these financial statements.

Legal representative:	*Principal in charge of accounting:*	*Head of accounting department:*
Guo Haitang	**He Hongfeng**	**Li Jianhua**

Proposed dividend	4(36)	**–**	–	**–**	–

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015
(All amounts in RMB Yuan unless otherwise stated)

		Notes	**2015 Consolidated**	2014 Consolidated	**2015 Company**	2014 Company
1.	**Cash flows from operating activities**					
	Cash received from sales of goods and rendering services		**3,256,940,501.10**	4,058,854,884.79	**770,701,474.12**	2,071,715,315.51
	Cash received relating to other operating activities	4(50)(a)	**21,244,060.46**	18,645,660.49	**190,430,913.91**	63,729,588.99
	Sub-total of cash inflows		**3,278,184,561.56**	4,077,500,545.28	**961,132,388.03**	2,135,444,904.50
	Cash paid for goods and services		**(2,711,031,771.68)**	(2,659,350,051.64)	**(1,063,188,885.77)**	(1,892,431,254.77)
	Cash paid to and on behalf of employees		**(360,873,205.92)**	(347,972,391.45)	**(109,901,975.85)**	(102,268,437.94)
	Payments of taxes and surcharges		**(145,016,754.70)**	(209,763,757.39)	**(14,561,325.49)**	(14,808,356.98)
	Cash paid relating to other operating activities	4(50)(b)	**(207,307,441.28)**	(188,130,908.34)	**(105,494,241.04)**	(155,482,304.13)
	Sub-total of cash outflows		**(3,424,229,173.58)**	(3,405,217,108.82)	**(1,293,146,428.15)**	(2,164,990,353.82)
	Net cash flows (used in)/generated from operating activities	4(51)(a)	**(146,044,612.02)**	672,283,436.46	**(332,014,040.12)**	(29,545,449.32)
2.	**Cash flows from investing activities**					
	Net cash received from disposal of fixed assets		**548,863.75**	1,909,666.59	**1,467.96**	134,059.70
	Cash received from disposal of investment		**–**	5,000,000.00	**–**	–
	Cash received from returns on investments		**–**	–	**–**	94,827,648.48
	Cash received relating to other investing activities		**72,110,635.19**	2,550,000.00	**63,666,503.45**	–
	Sub-total of cash inflows		**72,659,498.94**	9,459,666.59	**63,667,971.41**	94,961,708.18
	Cash paid to acquire fixed assets and other long-term assets		**(328,721,822.88)**	(581,148,973.97)	**(24,279,203.06)**	(34,559,862.11)
	Payments of deposit for future contracts		**–**	(17,592,022.24)	**–**	–
	Cash paid to provide loans to subsidiaries		**–**	–	**(800,510,000.00)**	–
	Cash paid relating to other investing activities		**(90,000,000.00)**	(8,000,000.00)	**(90,000,000.00)**	–
	Sub-total of cash outflows		**(418,721,822.88)**	(606,740,996.21)	**(914,789,203.06)**	(34,559,862.11)
	Net cash flows (used in)/generated from investing activities		**(346,062,323.94)**	(597,281,329.62)	**(851,121,231.65)**	60,401,846.07

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015
(All amounts in RMB Yuan unless otherwise stated)

	Notes	**2015 Consolidated**	2014 Consolidated	**2015 Company**	2014 Company
3. Cash flows from financing activities					
Cash received from borrowings		**2,196,047,380.05**	2,105,116,631.58	**100,000,000.00**	–
Cash received from issuance of bond		**800,000,000.00**	500,000,000.00	**800,000,000.00**	500,000,000.00
Sub-total of cash inflows		**2,996,047,380.05**	2,605,116,631.58	**900,000,000.00**	500,000,000.00
Cash repayments of borrowings		**(2,297,864,459.53)**	(2,430,116,954.99)	**–**	(420,000,000.00)
Cash payments for interest expenses		**(252,724,925.66)**	(265,207,169.34)	**(36,507,222.22)**	(12,168,000.61)
Cash payments relating to other financing activities		**(5,846,511.75)**	(4,079,045.48)	**–**	–
Sub-total of cash outflows		**(2,556,435,896.94)**	(2,699,403,169.81)	**(36,507,222.22)**	(432,168,000.61)
Net cash flows generated from/(used in) financing activities		**439,611,483.11**	(94,286,538.23)	**863,492,777.78**	67,831,999.39
4. Effect of foreign exchange rate changes on cash and cash equivalents		**–**	–	**–**	–
5. Net (decrease)/increase in cash and cash equivalents	4(51)(a)	**(52,495,452.85)**	(19,284,431.39)	**(319,642,493.99)**	98,688,396.14
Add: Cash and cash equivalents at beginning of year	4(51)(a)	**558,623,508.86**	577,907,940.25	**392,438,367.47**	293,749,971.33
6. Cash and cash equivalents at end of year	4(51)(b)	**506,128,056.01**	558,623,508.86	**72,795,873.48**	392,438,367.47

The accompanying notes form an integral part of these financial statements.

Legal representative:	*Principal in charge of accounting:*	*Head of accounting department:*
Guo Haitang	**He Hongfeng**	**Li Jianhua**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015
(All amounts in RMB Yuan unless otherwise stated)

	Attributable to shareholders of the Company						Non-controlling interests	Total owners' equity
	Share capital *(Note 4(32))*	Capital surplus *(Note 4(33))*	Specific reserve *(Note 4(34))*	Surplus reserve *(Note 4(35))*	Undistributed profits/ (accumulated losses) *(Note 4(36))*	Sub-total	*(Note 6(1))*	
Balance at 1 January 2014	552,500,000.00	4,254,754,857.49	1,739,144.73	225,379,515.90	203,196,020.03	5,237,569,538.15	350,035,297.99	5,587,604,836.14
Movements for the year ended 31 December 2014								
Comprehensive income								
– Net profit	–	–	–	–	77,761,937.85	77,761,937.85	(65,013,960.42)	12,747,977.43
– Other comprehensive income	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	77,761,937.85	77,761,937.85	(65,013,960.42)	12,747,977.43
Profit distribution								
– Appropriation to surplus reserve	–	–	–	24,246,273.84	(24,246,273.84)	–	–	–
Appropriation to specific reserve	–	–	15,682,543.04	–	–	15,682,543.04	–	15,682,543.04
Utilisation of specific reserve	–	–	(17,194,530.60)	–	–	(17,194,530.60)	–	(17,194,530.60)
Balance at 31 December 2014	552,500,000.00	4,254,754,857.49	227,157.17	249,625,789.74	256,711,684.04	5,313,819,488.44	285,021,337.57	5,598,840,826.01
Balance at 1 January 2015	**552,500,000.00**	**4,254,754,857.49**	**227,157.17**	**249,625,789.74**	**256,711,684.04**	**5,313,819,488.44**	**285,021,337.57**	**5,598,840,826.01**
Movements for the year ended 31 December 2015								
Comprehensive loss								
– Net loss	**–**	**–**	**–**	**–**	**(741,028,514.50)**	**(741,028,514.50)**	**(202,101,503.03)**	**(943,130,017.53)**
– Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive loss	**–**	**–**	**–**	**–**	**(741,028,514.50)**	**(741,028,514.50)**	**(202,101,503.03)**	**(943,130,017.53)**
Shareholder's investment and capital reduction								
– Other	**–**	**8,836,858.95**	**–**	**–**	**–**	**8,836,858.95**	**–**	**8,836,858.95**
Appropriation to specific reserve	**–**	**–**	**41,040,757.59**	**–**	**–**	**41,040,757.59**	**–**	**41,040,757.59**
Utilisation of specific reserve	**–**	**–**	**(41,267,914.76)**	**–**	**–**	**(41,267,914.76)**	**–**	**(41,267,914.76)**
Balance at 31 December 2015	**552,500,000.00**	**4,263,591,716.44**	**–**	**249,625,789.74**	**(484,316,830.46)**	**4,581,400,675.72**	**82,919,834.54**	**4,664,320,510.26**

The accompanying notes form an integral part of these financial statements.

Legal representative:	*Principal in charge of accounting:*	*Head of accounting department:*
Guo Haitang	**He Hongfeng**	**Li Jianhua**

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015
(All amounts in RMB Yuan unless otherwise stated)

	Share capital (Note 4(32))	Capital surplus	Specific reserve	Surplus reserve (Note 4(35))	Undistributed profits/ (accumulated losses)	Total owners' equity
Balance at 1 January 2014	552,500,000.00	4,254,754,857.49	–	225,379,515.90	212,715,785.51	5,245,350,158.90
Movements for the year ended 31 December 2014						
Comprehensive income						
– Net profit	–	–	–	–	242,462,738.38	242,462,738.38
– Other comprehensive income	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	242,462,738.38	242,462,738.38
Profit distribution						
– Appropriation to surplus reserve	–	–	–	24,246,273.84	(24,246,273.84)	–
Appropriation to specific reserve	–	–	129,833.15	–	–	129,833.15
Utilisation of specific reserve	–	–	(129,833.15)	–	–	(129,833.15)
Balance at 31 December 2014	552,500,000.00	4,254,754,857.49	–	249,625,789.74	430,932,250.05	5,487,812,897.28
Balance at 1 January 2015	**552,500,000.00**	**4,254,754,857.49**	**–**	**249,625,789.74**	**430,932,250.05**	**5,487,812,897.28**
Movements for the year ended 31 December 2015						
Comprehensive loss						
– Net loss	**–**	**–**	**–**	**–**	**(753,141,777.46)**	**(753,141,777.46)**
– Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive loss	**–**	**–**	**–**	**–**	**(753,141,777.46)**	**(753,141,777.46)**
Appropriation to specific reserve	**–**	**–**	**7,744,421.31**	**–**	**–**	**7,744,421.31**
Utilisation of specific reserve	**–**	**–**	**(7,744,421.31)**	**–**	**–**	**(7,744,421.31)**
Balance at 31 December 2015	**552,500,000.00**	**4,254,754,857.49**	**–**	**249,625,789.74**	**(322,209,527.41)**	**4,734,671,119.82**

The accompanying notes form an integral part of these financial statements.

Legal representative:	*Principal in charge of accounting:*	*Head of accounting department:*
Guo Haitang	**He Hongfeng**	**Li Jianhua**

1 GENERAL INFORMATION

Xinjiang Xinxin Mining Industry Co., Ltd. (the "Company") was incorporated on 1 September 2005 in Urumqi, Xinjiang Uygur Autonomous Region of the People's Republic of China (the "PRC") together by Xinjiang Non-ferrous Metal Industry (Group) Ltd. ("Xinjiang Non-ferrous Group"), Shanghai Yilian Kuangneng Co., Ltd. ("Shanghai Yilian"), Zhongjin Investment (Group) Ltd. ("Zhongjin Investment"), Xiamen Zijin Technology Co., Ltd. (now changed the name to Zijin Mining Group (Xiamen) Investment Co., Ltd. "Xiamen Zijin"), Xinjiang Xinying New Material Co., Ltd. ("Xinjiang Xinying") and Shaanxi Honghao Industry Co., Ltd. ("Shaanxi Honghao"). Xinjiang Non-ferrous Group is the holding company. The Company is established with the total equity of RMB300,000,000.00 divided into 300,000,000 shares of RMB1 each.

On 19 May 2006, the Company issued 80,000,000 new shares of RMB1 each, the registered capital increased from RMB300,000,000.00 to RMB380,000,000.00. Xinjiang Non-ferrous Group injected its land use rights of Kalatongke Mine and Fukang Refinery as increased capital. Shanghai Yilian, Zhongjin Investment, Xiamen Zijin, Xinjiang Xinying and Shaanxi Honghao paid the increased capital in cash.

Pursuant to a resolution of the shareholders of the Company dated 11 May 2007 and the approval from China Securities Regulatory Commission dated 29 August 2007, each share of RMB1 was subdivided into four shares of RMB0.25 each with effect from 27 September 2007. The total number of shares immediately after the share split was 1,520,000,000.

In October 2007, the Company completed the issue of 690,000,000 H shares of RMB0.25 each at HK$6.5 (equivalent to approximately RMB6.3) per share as a result of the Initial Public Offering and listing of the Company's H shares on the Main Board of The Stock Exchange of Hong Kong Limited. In addition, pursuant to the relevant approval from the State-owned Assets Supervision and Administration Commission of the State Council (the "SASAC"), upon the completion of the H share listing, 69,000,000 domestic shares held by Xinjiang Non-ferrous Group were converted into an equivalent number of H shares and transferred to the National Council for Social Security Fund of the PRC. Total capital increased to RMB552,500,000.00 after this issue.

The Company and its subsidiaries (together, the "Group") are principally engaged in the mining, ore processing, smelting, refining of nickel, copper and vanadium, and sales of nickel, copper and other non-ferrous metal products.

Subsidiaries included in the consolidation scope of the consolidated financial statements for year ended 31 December 2015 are listed in Note 6. Hami Lixin Industrial and Trade Co., Ltd. ("Hami Lixin") has been excluded from the scope of consolidation from this year (Notes 5(1)).

These financial statements were authorised for issue by the Company's Board of Directors on 30 March 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group applies specific accounting policies and accounting estimates in regards of provisions for doubtful debts of receivables (Note 2(10)), measurement of inventories (Note 2(11)), depreciation of fixed assets and amortisation of intangible assets (Note 2(13), (16)) and revenue recognition (Note 2(24)).

The criterion of adoption of important accounting policies and accounting estimates by the Group is listed in Note 2(30).

(1) Basis of preparation

The financial statements have been prepared according to the Basic Standard of the Accounting Standards for Business Enterprises, the specific standards and other relevant regulations issued by the Ministry of Finance on and after 15 February 2006, thereafter (hereafter collectively referred to as "the Accounting Standard for Business Enterprises" or "CAS"), the Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 – the General Provisions of Financial Reports issued by the China Securities and Regulatory Commission.

During the year ended 31 December 2015, the Group reported a net loss of RMB943,130,017.53, while its net loss attributable to owners and operating cash outflows amounted to RMB741,028,514.50 and RMB146,044,612.02 respectively. As at the same date, the Group's current liabilities exceeded its current assets by RMB391,472,438.49. Its current liabilities mainly included short-term bank loans and other borrowings of RMB1,904,060,811.92 and long-term loan due within one year of RMB576,000,000.00. Meanwhile, the Group's cash and cash equivalents and restricted bank balances amounted to RMB506,128,056.01 and RMB256,165,018.49 respectively. The Group's financial performance and operating results for year ended 31 December 2015 was due to the sluggish market for nickel and copper which resulted in a huge loss of a significant subsidiary, Xinjiang Wuxin Copper Mining Co., Ltd. ("Wuxin Copper"). For the year ended 31 December 2015, the net loss of Wuxin Copper amounted to RMB593,132,239.53, while its current liabilities exceeded its current assets by RMB1,361,318,728.11 as at the same date.

All of the above conditions indicate the existence of material uncertainties that may cast significant doubt over the Group's ability to continue as a going concern.

In view of such circumstances, the directors of the Company and the Group's management have given due and careful consideration of the future liquidity and performance of the Group and its available sources of financing in the next twelve months from 31 December 2015 to assess whether the Group will have sufficient financial resources to continue operating as a going concern. The Group has implemented a number of measures to improve its financial position and alleviate its liquidity pressure, including:

(i) As at 31 December 2015, the Group obtained a continuing financial support letter from its parent company, Xinjiang Non-ferrous Group, which indicates that it will provide financial supports to the Group as and when necessary in the coming twelve months;

(ii) In March 2016, the Group has reached a binding agreement with Xinjiang Non-ferrous Group to dispose of all the Group's 66% equity interests in Wuxin Copper at a consideration of the higher of RMB12,000,000.00 or the value based on the audited net assets of Wuxin Copper as at 31 December 2015. Such a disposal is subject to the approvals of the shareholders of the Company at the shareholders' meeting. The management believes that the disposal of Wuxin Copper will be completed latest by the second half of 2016;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

(1) Basis of preparation *(continued)*

(iii) Subsequent to 31 December 2015, the Group has secured new borrowings of RMB570,526,800.00. Furthermore, the Group is in the progress of negotiation with banks or other financial institutions to extend the existing short term-loans and seek new loans. As the Group is an important enterprise in Xinjiang and has good credit history, the management believes that the Group will be able to obtain new bank and other borrowings when necessary; and

(iv) The Group will enhance its inventory management by further reducing its inventory level of nickel and copper, and strengthen its collection of debtors to meet its cash flow demand. In addition, the Group will further control its operating expenses and capital expenditures.

The directors of the Company have reviewed the Group's cash flow projections prepared by management, which covered a period of not less than twelve months from 31 December 2015. In the opinion of the directors, in light of the above, the Group will have sufficient working capital to meet its working capital requirements for operation and repayment of debts as and when they fall due in the coming twelve months from 31 December 2015. Accordingly, the directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon whether: (i) Xinjiang Non-ferrous Group has sufficient financial resources to provide financial supports to the Group as and when needed; (ii) The disposal of the Group's equity interests in Wuxin Copper will be approved by the shareholders of the Company at the shareholders' meeting, and completed latest by the second half of 2016; (iii) The Group will be able to timely renew its existing bank borrowings and secure new bank and other borrowings at terms acceptable to the Group; and (iv) The Group will be able to successfully generate sufficient working capital by way of reducing inventory, collecting debtors and controlling its operating expenses and capital expenditures. Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to provide for financial liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effect of these adjustments has not been reflected in the consolidated financial statements.

The new Hong Kong Companies Ordinance went into effect in 2015, some of the disclosures have been adjusted to the requirement of Hong Kong Companies Ordinance.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

(2) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for the year ended 31 December 2015 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the Group and the Company as of 31 December 2015 and of their financial performance, cash flows and other information for the year then ended.

(3) Accounting year

The Company's accounting year starts on 1 January and ends on 31 December.

(4) Recording currency

The recording currency is Renminbi (RMB).

(5) Business combinations

(a) Business combinations involving entities under common control

The consideration paid and net assets obtained by the absorbing party in a business combination are measured at the carrying amount. The difference between the carrying amount of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is treated as an adjustment to capital surplus (share premium). If the capital surplus (share premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

(b) Business combinations involving entities not under common control

The cost of combination and identifiable net assets obtained by the acquirer in a business combination are measured at fair value at the acquisition date. Where the cost of the combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill. Where the cost of combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the current period. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

(6) Preparation of consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries.

Subsidiaries are consolidated from the date on which the Group obtains control and are de-consolidated from the date that such control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under common control of the ultimate controlling party. The portion of the net profits realised before the combination date is presented separately in the consolidated income statement.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods of the Company and subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted in accordance with the accounting policies and the accounting period of the Company. For subsidiaries acquired from business combinations involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant intra-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of subsidiaries' equity and the portion of subsidiaries' net profits and losses for the period not attributable to the Company are recognised as non-controlling interests and presented separately in the consolidated financial statements under equity and net profits respectively. The unrealised intra-group profits from sales of assets by the Company to its subsidiaries are eliminated from the net profits of the Company. In contrast, the unrealised intra-group profits from sales of the assets by subsidiaries to the Company are eliminated in the net profits of the Company and its non-controlling interests based on the percentages of equity investments. The unrealised intra-group profits among subsidiaries are eliminated based on the proportions of equity investments by the Company and non-controlling interests on the subsidiaries selling the assets and allocated between the net profit of the Company and non-controlling interests.

A transaction will be adjusted from perspective of the Group in condition that assertions are different when accounting entities are the Group and the Company or its subsidiaries.

(7) Cash and cash equivalents

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

(8) Foreign currency transactions

Foreign currency transactions are translated into RMB using the exchange rates prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition or construction of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(9) Financial instruments

(a) Financial assets

(i) Classification of financial assets

Financial assets are classified into the following categories at initial recognition: financial assets at fair value through profit or loss, receivables, available-for-sale financial assets and held-to-maturity investments. The classification of financial assets depends on the Group's intention and ability to hold the financial assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for the purpose of selling in the short term, they are presented as financial assets held for trading on the balance sheet.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories at initial recognition. Available-for-sale financial assets are included in other current assets on the balance sheet if management intends to dispose of them within 12 months after the balance sheet date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

(9) Financial instruments *(continued)*

(a) Financial assets *(continued)*

(ii) Recognition and measurement

Financial assets are recognised at fair value on the balance sheet when the Group becomes a party to the contractual provisions of the financial instrument. In the case of financial assets at fair value through profit or loss, the related transaction costs incurred at the time of acquisition are recognised in profit or loss for the current period. For other financial assets, transaction costs that are attributable to the acquisition of the financial assets are included in their initially recognised amounts.

Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently measured at fair value. Investments in equity instruments are measured at cost when they do not have a quoted market price in an active market and whose fair value cannot be reliably measured. Receivables and held-to-maturity investments are measured at amortised cost using the effective interest method.

Gains or losses arising from change in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss. Interests and cash dividends received during the period in which such financial assets are held, as well as the gains or losses arising from disposal of these assets are recognised in profit or loss for the current period.

Gains or losses arising from change in fair value of available-for-sale financial assets are recognised directly in equity, except for impairment losses and foreign exchange gains and losses arising from translation of monetary financial assets. When such financial assets are derecognised, the cumulative gains or losses previously recognised directly into equity is recycled into profit or loss for the current period. Interests on available-for-sale investments in debt instruments calculated using the effective interest method during the period in which such investments are held and cash dividends declared by the investee on available-for-sale investments in equity instruments are recognised as investment income, which is recognised in profit or loss for the period.

(iii) Impairment of financial assets

The Group assesses the carrying amounts of financial assets other than those at fair value through profit or loss at each balance sheet date. If there is objective evidence that a financial asset is impaired, an impairment loss is provided for.

Objective evidence of impairment of financial assets are events that occurred after the initial recognition of the financial assets and have impacts on the estimated future cash flows of the financial assets that can be reliably estimated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

(9) Financial instruments *(continued)*

(a) Financial assets *(continued)*

(iii) Impairment of financial assets (continued)

The objective evidence which indicates impairment in fair value of available-for-sale equity instruments includes the significant and prolonged decline in fair value. The Group has separately tested various available-for-sale equity instruments at the balance sheet date. It will be defined as impairment if the fair value is lower than the original cost at initial recognition by more than 50% (including 50%) or the period in which the fair value of the investment has been blow that original cost has lasted for no less than 1 year. While if the fair value is between 20% to 50% lower than the original cost, the Group will take other factors such as price fluctuation into consideration to estimate whether the equity instrument has impaired or not. The original cost of available-for-sale equity instruments is determined by using weighted average method.

When an impairment loss on a financial asset carried at amortised cost has occurred, the amount of loss is provided for at the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred). If there is objective evidence that the value of the financial asset recovered and the recovery is related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and the amount of reversal is recognised in profit or loss.

If there is objective evidence that an impairment loss on available-for-sale financial assets incurred, the cumulative losses arising from the decline in fair value that had been recognised directly in equity are transferred out from equity and into impairment loss. For an investment in debt instrument classified as available-for-sale on which impairment losses have been recognised, if, in a subsequent period, its fair value increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the previously recognised impairment loss is reversed into profit or loss for the current period. For an investment in an equity instrument classified as available-for-sale on which impairment losses have been recognised, the increase in its fair value in a subsequent period is recognised directly in equity.

For available-for-sale financial assets measured at cost, if there is objective evidence that an impairment loss occurred, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate and recognized in the consolidated income statements. Impairment losses recognised in the consolidated income statement are not reversed when the value is recovered in a subsequent period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

(9) Financial instruments *(continued)*

(a) Financial assets *(continued)*

(iv) Derecognition of financial assets

A financial asset is derecognised when any of the below criteria is met: (i) the contractual rights to receive the cash flows from the financial asset expire; (ii) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; or (iii) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and the cumulative changes in fair value that had been recognised directly in equity, is recognised in profit or loss.

(b) Financial liabilities

Financial liabilities are classified into the following categories at initial recognition: financial liabilities at fair value through profit or loss and other financial liabilities. The financial liabilities of the Group mainly comprise derivative financial instruments which are not specified and do not conform to hedging and other financial liabilities, including payables, borrowings and bond payable.

Derivative financial instruments which are not specified and do not conform to hedging are disclosed as financial liabilities at fair value though profit or loss.

Payables, including accounts payable, other payables, and notes payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings and bond payable are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities with maturities no more than one year are classified as current liabilities. Other financial liabilities with maturities over one year but are due within one year at the balance sheet date are classified as the current portion of non-current liabilities. Others are classified as non-current liabilities.

A financial liability is derecognised or partly derecognised when the current obligation is discharged or partly discharged. The difference between the carrying amount of the financial liability or the derecognised part of the financial liability and the consideration paid is recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

(9) Financial instruments *(continued)*

(c) Determination of fair value of financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. For the financial instrument which is not traded in active market, the fair value is determined by using a valuation technique with enough available data and other information to support in current situation. Valuation techniques include market approach, income approach and etc. When a valuation technique is used to establish the fair value of a financial instrument, we should consider the market inputs of the assets or liabilities which have consistent features of the assets or liabilities traded by market participants and make the maximum use of observable market inputs. When relevant observable market inputs can not be obtained, we shall use unobservable market inputs.

(10) Receivables

Receivables comprise accounts receivable, other receivables and notes receivable. Accounts receivable arising from sale of goods or rendering of services are initially recognised at fair value of the contractual payments from the buyers or service recipients.

(a) Receivables with amounts those are individually significant and subject to separate assessment for provision for bad debts

Receivables with amounts that are individually significant are subject to separate assessment for impairment. If there exists objective evidence that the Group will not be able to collect the amount under the original terms, a provision for bad debts of that receivable is made at the difference between its carrying amount and the present value of its estimated future cash flows.

(b) Receivables that are subject to provision for bad debts on the grouping basis

Receivables with amounts that are not individually significant and those receivables that have been individually assessed for impairment and have not been found impaired are classified into certain groupings based on their credit risk characteristics. The provision for bad debts is determined based on the historical loss experience for the groupings of receivables with similar credit risk characteristics, taking into consideration of the current circumstances.

Basis for grouping is as follows:

Related party group	receivables from related parties
Ageing group	except related party group, the accounts receivables within the same ageing category have similar credit risk characteristics

Methods of determining provision for bad debts by groupings are as follows:

Related party group	Analysis based on the repayment ability and history
Ageing group	Aging analysis method

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

(10) Receivables *(continued)*

(b) Receivables that are subject to provision for bad debts on the grouping basis *(continued)*

Ratios used in the ageing analysis method amongst aforesaid groups are as follows:

	Ratios used for accounts receivable
Within 1 year	0%–5%
1 to 2 years	5%–30%
2 to 3 years	60%
Over 3 years	100%

	Ratios used for other receivables
1 to 4 years	0%
Over 4 years	5%–10%

(c) Receivables with amounts those are not individually significant but subject to separate assessment for provision for bad debts

The reason for making separate assessment for provision for bad debts is that there exists objective evidence that the Group will not be able to collect the amount under the original terms of the receivable.

The provision for bad debts is determined based on the amount of the present value of the future cash flows expected to be derived from the receivable below its carrying amount.

(d) When the Group transfers the accounts receivable and notes receivable to the financial institutions without recourse, the difference between the proceeds received from the transaction and their carrying amounts and the related taxes is recognised in profit or loss for the current period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

(11) Inventories

(a) Classification

Inventories include raw materials, work in progress, semi-finished goods and finished goods, and are measured at the lower of cost and net realisable value.

(b) Costing of inventories

Cost is determined using the weighted average method. The cost of finished goods, semi-finished goods and work in progress comprise raw materials, direct labour and systematically allocated production overhead based on the normal production capacity.

(c) Basis for determining net realisable values of inventories and method for making provision for decline in the value of inventories

Provision for decline in the value of inventories is determined at the excess amount of the carrying amounts of the inventories over their net realisable value. Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes.

(d) The Group adopts the perpetual inventory system.

(12) Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries, the Group's long-term equity investments in its joint ventures and associates.

Subsidiaries are the investees over which the Company is able to exercise control. Joint ventures are the investees over which the Group is able to exercise joint control together with other venturers and of which the Group can only enjoy rights of the net assets. Associates are the investees that the Group has significant influence on their financial and operating policies.

Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted to the equity method when preparing the consolidated financial statements. Investments in joint ventures and associates are accounted for using the equity method. Accounting policies of joint ventures and associates are consistent with the policies adopted by the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

(12) Long-term equity investments *(continued)*

(a) Determination of investment cost

For long-term equity investments acquired through a business combination: for long-term equity investments acquired through a business combination involving entities under common control, the investment cost shall be the absorbing party's share of the carrying amount of owners' equity of the party being absorbed at the combination date; for long-term equity investment acquired through a business combination involving entities not under common control, the investment cost shall be the combination cost.

For long-term equity investments acquired not through a business combination: for long-term equity investment acquired by payment in cash, the initial investment cost shall be the purchase price actually paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

(b) Subsequent measurement and recognition of related profit and loss

For long-term equity investments accounted for using the cost method, they are measured at the initial investment costs, and cash dividends or profit distribution declared by the investees are recognised as investment income in profit or loss.

For long-term equity investments accounted for using 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 acquisition date, the long-term equity investment is measured at 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 acquisition date, the difference is included in profit or loss and the cost of the long-term equity investment is adjusted upwards accordingly.

For long-term equity investments accounted for using the equity method, the Group recognises the investment income according to its share of net profit or loss of the investee. The Group discontinues recognising its share of net losses of an investee after the carrying amount of the long-term equity investment together with any long-term interests that, in substance, form part of the investor's net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions under the accounting standards on contingencies are satisfied, the Group continues recognising the investment losses and the provisions. For changes in owners' equity of the investee other than those arising from its net profit or loss, its other comprehensive income, and its distributable profits, the Group records its proportionate share directly into capital surplus, provided that the Group's proportion of shareholding in the investee remains unchanged. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by an investee. The unrealised profits or losses arising from the intra-group transactions amongst the Group and its investees are eliminated in proportion to the Group's equity interest in the investees, and then based on which the investment gains or losses are recognised. For the loss on the intra-group transaction amongst the Group and its investees attributable to asset impairment, any unrealised loss is not eliminated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

(12) Long-term equity investments *(continued)*

(c) Basis for determining existence of control, jointly control or significant influence over investees

Control is possessing power over the investee so as to obtain variable returns from its operating activities. And it has the ability to use the power to impact the amount of return.

Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity 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.

(d) Impairment of long-term equity investments

The carrying amount of long term equity investments in subsidiaries, joint ventures and associates shall be reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note 2(20)).

(13) Fixed assets

(a) Recognition and initial measurement of fixed assets

Fixed assets comprise buildings, mining structures, machinery, motor vehicles, electronic and office equipment.

Fixed assets are recognised when it is probable that the related economic benefits will flow to the Group and the costs can be reliably measured. Fixed assets purchased or constructed by the Group are initially measured at cost at the acquisition date. The fixed assets contributed by the State shareholders at the reorganisation of the Company into a corporation entity are recognised based on the revaluated amounts approved by the state-owned assets administration department.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognised. All the other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

(13) Fixed assets *(continued)*

(b) Depreciation methods of fixed assets

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives but mining structures. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, the estimated residual values expressed as a percentage of cost and the annual depreciation rates are as follows:

Categories	Estimated useful lives	Estimated residual value	Annual depreciation rate
Buildings	10 to 50 years	3% or 5%	1.90% to 9.70%
Machinery	5 to 20 years	3% or 5%	4.75% to 19.40%
Motor vehicles	4 to 12 years	3% or 5%	7.92% to 24.25%
Electronic and office equipment	3 to 12 years	3% or 5%	7.92% to 32.33%

Mining structures comprise the main and auxiliary mine shafts and underground tunnels. Depreciation of mining structures is provided to write off the cost of the mining structure using the unit-of-production method.

The estimated useful life, the estimated net residual value of a fixed asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at least at each year-end.

(c) The carrying amount of fixed assets shall be reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note 2(20)).

(d) Disposal of fixed assets

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposal on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

(14) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the fixed assets ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month. The carrying amount of construction in progress shall be reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note 2(20)).

(15) Borrowing costs

The borrowing costs that are directly attributable to the acquisition and construction of a fixed asset that needs a substantially long period of time of acquisition and construction for its intended use commence to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use, the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of a fixed asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For the specific borrowings obtained for the acquisition or construction of a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by deducting any interest earned from depositing the unused specific borrowings in the banks or any investment income arising on the temporary investment of those borrowings during the capitalisation period.

For the general borrowings obtained for the acquisition or construction of a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying the weighted average effective interest rate of general borrowings used, to the weighted average of the excess amount of cumulative expenditures on the asset over the amount of specific borrowings. The effective interest rate is the rate at which estimated future cash flows during the period of expected duration or shorter period applied discounted to the initial amount of the borrowings.

(16) Intangible assets

Intangible assets include mining rights, exploration rights, land use rights and others, and are initially measured at cost or fair value.

(a) Mining rights

Mining rights are stated at the actual cost. While mining rights acquired by the business combination are recognised at the fair value at the acquisition date, then subsequently are recorded at cost less accumulated amortisation and impairment losses. Mining rights are amortised upon the commencement of mining production using the straight-line method over 19 to 33 years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

(16) Intangible assets *(continued)*

(b) Exploration rights

Exploration rights acquired by business combination involving enterprises not under common control are recognised at the fair value at the acquisition date. Upon transformation to mining rights, accounting policies relating to mining rights are used to account for.

(c) Land use rights

Land use rights invested by the share shareholders holders are recognised at the value agreed by all the shareholders unless the agreed value is not fair. Purchased land use rights are stated at actual cost, while land use rights acquired by the business combination are recognised at the fair value at the acquisition date, then subsequently are recorded at cost less accumulated amortisation and impairment losses. Land use rights are amortised on the straight-line basis over the period of the land use rights varying from 5 to 70 years.

(d) Periodical review of useful life and amortisation method

For an intangible asset with a finite useful life, review of its useful life and amortisation method is performed at each year-end, with adjustment made as appropriate.

(e) Impairment of intangible assets

The carrying amount of intangible assets shall be reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note 2(20)).

(17) Exploration assets and filling cost

The Group's exploration assets include topographical and geological exploration, exploration drilling, sampling, trenching and relevant commercial and technical feasibility study, and the expenditure arising from expanding existing orebody exploration and improving the orebody productivity.

At the initial stage of the exploration project, exploration and evaluation expenditures are recognised in profit or loss when they occurred. When the project has technical feasibility and commercial feasibility, the exploration and evaluation expenditures (including the cost of purchasing the mineral exploration right) are capitalised into exploration and evaluation assets by individual project.

Exploration and evaluation assets are recorded in construction in progress, transferred to fixed assets or intangible assets at the date that the assets are ready for its intended use, and are depreciated or amortised over the term of the rights. When the project is aborted, the relevant unrecoverable cost will be written off and recognised in profit or loss when it occurred.

Filling cost incurred after mineral mining is recorded in the cost of production.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

(18) Goodwill

Goodwill is recognised at the excess of the cost of a business combination involving enterprises not under common control over the interest in the fair value of the acquirees' identifiable net assets acquired in the business combination as at the acquisition date.

(19) Long-term prepaid expenses

Long-term prepaid expenses include the expenditure for improvements to fixed assets held under operating leases, and other expenditures that have been incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortisation.

(20) Impairment of long-term assets

Fixed assets, construction in progress, intangible assets with finite useful lives, and long-term equity investments in subsidiaries, joint ventures and associates are tested for impairment if there is any indication that an asset may be impaired at the balance date. For intangible assets which have not been ready to use, regardless of the existence of the indicators of impairment losses, the impairment tests should be carried out annually. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying value of goodwill is allocated to the related asset groups or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or group of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset groups or groups of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment loss is recognised, it will not be reversed for the value recovered in the subsequent periods.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

(21) Employee benefits

Employee benefits mainly include short-term employment benefit, post-employment benefits and termination benefits incurred in exchange for service rendered by employees or labour relation terminated.

(a) Short-term employment benefits

Short-term employment benefits mainly include wages or salaries, bonuses, allowances and subsidies, staff welfare, medical insurance, work injury insurance, maternity insurance, housing funds, labour union funds, employee education funds, short-term payable leaves, etc. The short-term employment compensation is recognised as salaries and wages payable in the accounting period in which an employee has rendered service, as costs of assets or expenses to whichever the employee service is attributable. Non-monetary benefits are measured at fair value.

(b) Post-employment benefits

Post-employment benefits are classified as defined contribution plan and defined benefit plan. Defined contribution is post-employment benefits plan in which the Group is not obliged to make further payment after paying a certain amount to individual funds. Defined benefit plans is other post-employment benefits plan except for defined contribution plan. During the period, post-employment benefits mainly include basic social pension security and unemployed insurance, both of which are defined contribution plan.

Basic pension benefits

Employees of the Group participate in the defined contribution pension plan set up and administered by local labour and social security departments. Based on salaries of the employees, basic pensions are provided for monthly according to stipulated proportions, which is paid to local labour and social security institutions. After the employees are retired, the local labour and social security departments have the responsibility to pay basic pension benefits to them. Basic pension benefits are recognised as payables in the accounting period in which an employee has rendered service, as costs of assets or expenses to whichever the employee service is attributable.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

(21) Employee benefits *(continued)*

(c) Termination benefits

Termination benefits are payables when employment is terminated by the Group before the employment contract expire, or compensation provided as an offer to encourage employees to accept voluntary redundancy. The Group recognizes termination benefits as liabilities and charges to profit or losses at the earlier of the following dates: (i) when the Group can no longer withdraw the offer of termination plan; and (ii) when the Group recognizes costs for restructuring which involving the payment of termination benefits.

Early retirement benefits

The Group provides early retirement benefits to employees who accept early retirement arrangements. Early retirement benefits mean wages and social insurance charges paid for those employees who voluntarily remove themselves from their posts with the approval of the management of the Group before their normal retirement ages. The Group pays early retirement benefits for the period from the early retirement date to their normal retirement date. The Group accounts for early retirement benefits as termination benefits. When the recognition criteria in respect of termination benefits are met, the early retirement benefits proposed to be paid by the Group are recognised as liabilities, with a corresponding charge to profit or loss for the period. The difference resulting from the charge of actuarial assumptions and benefit level is recognised as profit or loss as occurred.

The termination benefits which will be paid off in the next financial year are listed as current liabilities in the balance sheet.

(22) Dividend distribution

Cash dividend is recognised as a liability for the period in which the dividend is approved by the shareholders' meeting.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

(23) Provisions

Provisions for closure of tailings and environmental restoration are recognised when the Group has a present obligation, 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. Asset retirement obligations which meet the criteria of provisions are recognised as provisions and the amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements, while a corresponding addition to the related fixed assets of an amount equivalent to the provision is also created. This is subsequently depleted as part of the costs of the fixed assets. Interest expenses from the assets retirement obligations for each period are recognised with the effective interest method during the useful lives of the related fixed assets. If the conditions for the recognition of the provisions are not met, the expenditures for the decommissioning, removal and site cleaning will be expensed in the income statement when occurred.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognised as interest expense.

The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

(24) Revenue recognition

The amount of revenue is determined in accordance with the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of discounts and returns.

Revenue is recognised when the economic benefits associated with the transaction will flow to the Group, the related revenue can be reliably measured, and the specific revenue recognition criteria have been met for each type of the Group's activities as described below:

(a) Sale of goods

Revenue is recognised when the rights and risks of the products have been transferred to the purchaser, the Group has no control of the products, the economic benefits associated with the transaction will flow to the Group and the related revenue can be reliably measured.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

(25) Safety production fund

Pursuant to regulation No. [2012]16, "Management measures of accrual and use of safety production fund of business enterprises", issued by the Ministry of Finance and the State Administration of Work Safety, the Group is required to accrue safety production fund. The fund is earmarked for improving the safety of production.

Pursuant to regulation No. [2010]8, "No. 3 Interpretation of CAS", issued by the Ministry of Finance on 21 June 2010, enterprises in high-risk industry should accrue safety production fund under China's law and regulation, and the fund should be accrued to production costs or current profit or loss, and credited to specific reserve. The safety expenditures of the Group that are expenses in nature are directly debited to specific reserve. The safety expenditures of the Group that are formed into fixed assets through collection of construction in progress are recognised as fixed assets when the safety projects are completed and to the expected conditions for use; at the same time, specific reserve is written down through the costs of formed fixed assets, and the same amount is confirmed to accumulated depreciation. For these fixed assets, there will be no further depreciation in the following accounting periods.

(26) Government grants

Government grants are transfers of monetary or non-monetary assets obtained by the Group from the government at nil consideration, including refund of taxes, relocation compensation and financial subsidies, etc.

A government grant is recognised when the conditions attached to it can be complied with and the government grant can be received. For a government grant in the form of transfer of monetary assets, the grant is measured at the amount received or receivable. For a government grant in the form of transfer of non-monetary assets, it is measured at fair value; if the fair value is not reliably determinable, the grant is measured at nominal amount.

Government grants related to assets are grants used in the acquisition, construction and obtaining long-term assets in other ways. Government grants related to income are grants other than 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. Government grants measured at nominal amounts are recognised immediately in profit or loss for the current period.

For government grants related to income, where the grant is a compensation for related expenses or losses to be incurred by the Group in the subsequent periods, the grant is recognised as deferred income, and included in profit or loss over the periods in which the related costs are recognised; where the grant is a compensation for related expenses or losses already incurred by the Group, the grant is recognised immediately in profit or loss for the current period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

(27) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognised for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognised for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets are only recognised for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, joint ventures and associates, 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. When it is probable that the temporary differences arising from investments in subsidiaries, joint ventures and associates will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognised.

Deferred tax assets and liabilities are offset when:

- the deferred tax assets and liabilities are related to the same tax payer within the Group and the same taxation authority; and
- that tax payer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities.

(28) Leases

A lease that in substance transfers substantially all the risks and rewards incidental to ownership of an asset is a finance lease. Others are classified as operating lease.

Lease payments under an operating lease are recognised on a straight-line basis over the period of the lease, and are either capitalised as part of the cost of related assets, or charged as an expense for the current period.

Income from an operating lease is recognised on a straight-line basis over the period of the lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

(29) Segment information

The Group identifies operating segments based on the internal organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenues and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance; (3) for which the information on financial position, operating results and cash flows is available to the Group. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

(30) Critical accounting estimates and assumptions

The Group continually evaluates the critical accounting estimates and key judgments applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

Critical accounting estimates and key assumptions

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are outlined below:

(a) Carrying value of evaluate non-current assets

The Group annually evaluate whether fixed assets, construction in progress, land use rights, mining rights and exploration rights have suffered from any impairment due to events or changes in circumstances indicating that the carrying amount of the asset exceeds its recoverable amount, in accordance with accounting policy stated in Note 2(20) to the financial statements.

As at 31 December 2015, there was no impairment provided for fixed assets, construction in progress, land use rights, mining rights and exploration rights. The recoverable amounts of different cash generating units to which fixed assets, construction in progress, land use rights, mining rights and exploration rights belong, have been determined based on value-in-use calculations using cash flow projections approved by senior management and management's assumptions and estimates of selling price of metals, discount rates and inflation rate. The discount rates used in cash flow projections varied with different cash generating units. The major assumptions and estimates used in the recoverable value calculation of assets include forecast of selling price of nickel and copper, discount rates and inflation rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

(30) Critical accounting estimates and assumptions *(continued)*

Critical accounting estimates and key assumptions *(continued)*

(b) Accounting estimates on impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amount of asset groups and groups of asset groups is the present value of the future cash flows expected to be derived from them. These calculations require use of estimates (Note 2(20)).

As at 31 December 2015, there was no impairment for goodwill. The recoverable amounts of different cash generating units to which the goodwill, have been determined based on value-in-use calculations using cash flow projections, based on financial budgets approved by senior management and management's assumptions and estimates including forecast of selling price of nickel and copper, discount rates and inflation rate. The discount rates used in cash flow projections varied with different cash generating units.

(c) Useful lives of fixed assets and intangible assets

The Group's management determines the estimated useful lives and related depreciation/amortisation charges for its fixed assets and intangible assets. This estimate is based on the historical experience of the actual useful lives of fixed assets and intangible assets of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation or amortisation charges where useful lives are less than previously estimated lives.

(d) Mineral reserves

Engineering estimates of the Group's mineral reserves are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information.

There are authoritative guidelines regarding the engineering criteria that have to be met before estimated mineral reserves can be designated as "proved" and "probable". Proved and probable mineral reserve estimates are updated at regular basis and have taken into account recent production and technical information about each mine. In addition, as prices and cost levels change from year to year, the estimate of proved and probable mineral reserves also changes. This change is considered a change in estimate for accounting purposes and is reflected on a prospective basis in related depreciation rates.

Despite the inherent imprecision in these engineering estimates, these estimates are used in determining depreciation expenses and impairment losses. Depreciation rates are determined based on mineral reserve quantity being mined (the denominator) and capitalised costs of mining structures (the numerator). The capitalised cost of mining structures is amortised based on the units of non-ferrous metals produced.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

(30) Critical accounting estimates and assumptions *(continued)*

Critical accounting estimates and key assumptions *(continued)*

(e) Income tax

The Group is subject to income taxes in numerous jurisdictions. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from the Group in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

According to the accounting policy mentioned in Note 2(27), the Group compiles profit forecast annually. For those deductible temporary losses and deductible temporary differences which can be deducted from the taxable income in future years in accordance with the tax law, they should be recognised as deferred tax assets.

For details of the deductible temporary losses or deductible temporary differences that were not recognised as deferred tax assets as at 31 December 2015, please refer to Note 4(31).

(f) Estimate of inventory net realizable value

The net realisable value of inventories is under management's regular review, and as a result, write-down of inventories is recognised for the excess of inventories' carrying amounts over their net realisable value. Write-down evaluation needs judgment and estimate of the management. Once difference occurs between the expectation and the original estimate will influence the book value of the current inventory and inventory shrinkage.

3 TAXATION

The principal types and rates of taxes applicable to the Group are set out below:

Type	Taxable base	Tax rate
Corporate income tax	Taxable income	15%/20%/25% *(Note (1))*
Value-added tax ("VAT")	Taxable turnover amount (Tax payable is calculated using the taxable sales amount multiplied by the effective tax rate less deductible VAT input of current period)	17% *(Note (2))*
Resources tax	Amount of ore output during the current month	RMB6 per ton or RMB12 per ton *(Note (3))*
Urban construction tax	VAT and business tax	7%/5%
Education surcharge	VAT and business tax	3%
Mineral compensation	Actual sales income of copper and nickel, after adjusting rate of recovery	Tax standards of mineral products of located place *(Note (4))*

3 TAXATION *(CONTINUED)*

(1) Corporate income tax

The Group applies the PRC Corporate Income Tax Law passed by the National People's Congress on 16 March 2007. The corporate income tax rate is 25%.

The rate of income tax applicable to the Group and the relevant approval documents are set out below:

(a) On 6 April 2012, the State Administration of Taxation announced about carrying out the Western Development Strategy on the issue of corporate income tax, and the Company has obtained the recognition that its business is within the catalogue of encouraged industries from the Committee of Economics and Information of Xinjiang Uygur Autonomous Region in 2012, the Company calculated and paid corporate income tax using the preferential rate of 15% for the year ended 31 December 2015 after communication with local tax authorities (2014: 15%).

(b) The applicable income tax rate of Shanghai Sales Branch of the Company is 25% in 2015 (2014: 25%).

(c) The subsidiary, Xinjiang Yakesi Resource Development Co., Ltd. (hereafter "Xinjiang Yakesi"), qualifies as a foreign investment manufacturing enterprise established in Hami, Xinjiang Uygur Autonomous Region. Xinjiang Yakesi has obtained the recognition that its business is within the catalogue of encouraged industries from the Committee of Economics and Information of Xinjiang Uygur Autonomous Region. Xinjiang Yakesi calculated and paid corporate income tax using the preferential rate of 15% for the year ended 31 December 2015 after communication with local tax authorities (2014: 15%).

(d) The subsidiary, Hami Jubao Resource Development Co., Ltd. (hereafter "Hami Jubao"), qualifies as a foreign investment manufacturing enterprise established in Hami, Xinjiang Uygur Autonomous Region. Hami Jubao has obtained the recognition that its business is within the catalogue of encouraged industries from the Committee of Economics and Information of Xinjiang Uygur Autonomous Region. Hami Jubao calculated and paid corporate income tax using the preferential rate of 15% for the year ended 31 December 2015 after communication with local tax authorities (2014: 15%).

(e) The subsidiary, Xinjiang Kalatongke Mining Industry Co., Ltd. (hereafter "Kalatongke Mining") qualifies as a foreign investment manufacturing enterprise established in Fuyun, Xinjiang Uygur Autonomous Region. Kalatongke Mining has obtained the recognition that its business is within the catalogue of encouraged industries from the Committee of Economics and Information of Xinjiang Uygur Autonomous Region. Kalatongke Mining calculated and paid corporate income tax using the preferential rate of 15% for the year ended 31 December 2015 after communication with local tax authorities (2014: 15%).

(f) The subsidiary, Xinjiang Mengxi Mining Co., Ltd. (hereafter "Mengxi Mining"), applied the Small-Scaled Minimal Profit Enterprise income tax preferential policy announced by the State Administration of Taxation. From 1 January 2015 to 31 December 2017, its taxable income is reduced to 50% of its total income, and the applicable enterprise income tax rate is 20% (2014: 25%).

3 TAXATION *(CONTINUED)*

(1) Corporate income tax *(continued)*

(g) Other subsidiaries, including Xinjiang Zhongxin Mining Industry Co., Ltd. (hereafter "Zhongxin Mining"), Wuxin Copper, Beijing Xinding Shunze High Technology Co., Ltd. (hereafter "Beijing Xinding"), Shaanxi Xinxin Mining Co., Ltd. (hereafter "Shaanxi Xinxin") and Wuxin Copper's subsidiary Fukang Xinlin Chemical Co., Ltd. (hereafter "Xinlin Chemical"), are subject to corporate income tax rate of 25% in 2015 (2014: 25%).

(2) Value-added tax

Group's main product sales are subject to VAT of 17%.

For the purchase of raw materials, fuel, power, and equipment input VAT can deduct output VAT. Value-added tax payable equals to the output VAT less deductible input VAT of current period.

(3) Resources tax

Pursuant to "Notification of Financial Department of Xinjiang Uygur Autonomous Region and Regional Tax Bureau of Xinjiang Uygur Autonomous Region about adjusting local copper and nickel ore resources tax rate", Kalatongke Mining pays resources tax of RMB12 per ton based on ore production in current month, and Xinjiang Yakesi and Hami Jubao pay RMB6 per ton based on ore production in current month.

(4) Mineral compensation

Kalatongke Mining pays mineral resources compensation fee based on the following formula:

Mineral resources compensation fee = self-produced nickel in super high grade ore and mixed concentrate volume × current day sales price × (1 + 5.72%) × valuation coefficient × 2% × recovery rate + (self-produced copper in super high grade ore and mixed concentrate volume) × current day sales price × valuation coefficient × 2% × recovery rate

Based on the regulations issued by Land and Resources Bureau of Aletai in Xinjiang Uygur Autonomous Region, valuation coefficient of nickel is 40% to 60%, and copper is 60%.

Xinjiang Yakesi and Hami Jubao pay mineral resources compensation fee based on the following formula:

Mineral resources compensation fee = sales revenue of nickel concentrate and copper concentrate × mineral compensation rate 2% × recovery rate

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Cash at bank and on hand

	31 December 2015	31 December 2014
Cash on hand	**140,396.96**	116,386.79
Cash at bank	**505,987,659.05**	558,507,122.07
Restricted cash at banks *(a)*	**256,165,018.49**	178,589,154.52
	762,293,074.50	737,212,663.38

(a) Restricted cash at bank are shown as follows:

	31 December 2015	31 December 2014
Deposits for issue of bank acceptance notes	**232,014,550.04**	135,842,698.61
Deposits for environmental recovery and safety of production	**11,121,455.29**	13,653,734.41
Deposits for irrecoverable letters of credit	**5,986,038.52**	22,050,000.00
Deposits for gold lease contracts	**5,010,000.00**	5,013,428.72
Deposits for compensation of industrial injury of migrant workers	**2,032,974.64**	2,029,292.78
	256,165,018.49	178,589,154.52

(2) Notes receivable

	31 December 2015	31 December 2014
Bank acceptance notes	**47,573,711.28**	228,980,597.49

All the notes receivable will be matured within 180 days.

As at 31 December 2015 and 2014, there were no notes receivable pledged as collateral.

As at 31 December 2015, immature notes receivable that have been discounted are shown as follows:

	Derecognised	**Not Derecognised**
Bank acceptance notes	50,000,000.00	–

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(3) Accounts receivable

	31 December 2015	31 December 2014
Accounts receivable	**119,254,450.69**	91,163,594.62
Less: provision for bad debts	**(3,926,714.00)**	(3,904,393.94)
	115,327,736.69	87,259,200.68

The Group conducted sales transactions mainly through cash on delivery, cash receipts in advance or bank acceptance notes. For other sales transactions, credit terms were granted not exceeding 180 days.

(a) The ageing of accounts receivable is analysed as follows:

	31 December 2015	31 December 2014
Within 1 year	**112,183,054.20**	86,100,929.44
1 to 2 years	**2,909,032.31**	202,969.30
2 to 3 years	**106,794.30**	721,000.00
3 to 4 years	**74,800.00**	1,025,308.40
4 to 5 years	**867,382.40**	192,954.70
Over 5 years	**3,113,387.48**	2,920,432.78
	119,254,450.69	91,163,594.62

As at 31 December 2015, accounts receivable of RMB32,623,151.67 (31 December 2014: RMB331,422.00) were past due but not impaired. Based on the analysis of the customer's financial situation and credit record, the Group believes that this part of accounts receivable can be recovered. The ageing of such accounts receivable is analysed as follows:

	31 December 2015	31 December 2014
Within 1 year	**29,508,229.26**	–
1 to 2 years	**2,909,032.31**	–
2 to 3 years	**32,394.10**	74,800.00
3 to 4 years	**74,800.00**	256,622.00
4 to 5 years	**98,696.00**	–
	32,623,151.67	331,422.00

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(3) Accounts receivable *(continued)*

(b) Accounts receivable by categories are analysed as follows:

	31 December 2015				31 December 2014			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
With amounts that are individually significant and that the related provision for bad debts is provided on the individual basis	–	–	–	–	–	–	–	–
That the related provision for bad debts is provided on the grouping basis								
– Related party group *(Note 9(6)(a))*	1,489,011.90	1.25%	(1,456,617.80)	97.82%	3,436,555.88	3.77%	(1,456,617.80)	42.39%
– Ageing group	117,765,438.79	98.75%	(2,470,096.20)	2.10%	87,727,038.74	96.23%	(2,447,776.14)	2.79%
With amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis	–	–	–	–	–	–	–	–
	119,254,450.69	100.00%	(3,926,714.00)		91,163,594.62	100.00%	(3,904,393.94)	

(c) The groups of accounts receivable using ageing analysis method for the purpose of bad debt assessment are analysed as follows:

	31 December 2015			31 December 2014		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Amount	Ratio	Amount	Amount	Ratio
Within 1 year	112,183,054.20	–	–	84,895,760.46	–	–
1 to 2 years	2,909,032.31	–	–	74,400.20	(22,320.06)	30.00%
2 to 3 years	74,400.20	(44,640.12)	60.00%	74,800.00	–	–
3 to 4 years	74,800.00	–	–	256,622.00	–	–
4 to 5 years	98,696.00	–	–	192,954.70	(192,954.70)	100.00%
Over 5 years	2,425,456.08	(2,425,456.08)	100.00%	2,232,501.38	(2,232,501.38)	100.00%
	117,765,438.79	(2,470,096.20)		87,727,038.74	(2,447,776.14)	

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(3) Accounts receivable *(continued)*

(d) As at 31 December 2015, the top five accounts receivable are analysed as follows:

	Ending balance	Provision for bad debts	% of total balance
Total amount of the top five accounts receivable	77,751,894.94	–	65.20%

(e) The provision for bad debts provided in current year is RMB22,320.06. There was no provision for bad debts of accounts receivable collected or reversed in current year.

(f) There were no accounts receivable written off in current year.

(g) There were no accounts receivable derecognised due to the transfer of financial assets.

(h) As at 31 December 2015 and 2014, there were no accounts receivable pledged as collateral to obtain short-term borrowings.

(4) Other receivables

	31 December 2015	31 December 2014
Reposts for a future contract *(i)*	**45,320,568.29**	37,446,942.95
Amount due from related parties *(Note 9(6)(b))*	**33,315,897.04**	2,739,673.41
Deposits for pricing option	**13,500,000.00**	–
Amount due from equity and debt transfer *(ii)*	**5,812,100.00**	5,812,100.00
Cash advance	**2,245,084.65**	2,712,583.83
Others	**6,562,395.81**	7,322,291.73
	106,756,045.79	56,033,591.92
Less: provision for bad debts	**(96,346.41)**	(96,346.41)
	106,659,699.38	55,937,245.51

(i) The Group signed future contracts with Jinshi Futures Co., Ltd., CITIC Futures Co., Ltd. and Hongyuan Futures Co., Ltd. As at 31 December 2015, the deposit balance represented the net amount of the combination of the accumulated amount of deposit placed and withdrawn and the trading result during the year. Based on the trading results, the Group recorded a net amount of gains and commission charges of RMB7,092,665.86 for the year ended 31 December 2015 (2014: the Group recorded a loss and commission charges of RMB23,140,094.57) (Note 4(45)).

(ii) Amount due from equity and debt transfer is the receivables yielded by transfer of equity and debt of Tibet Puxiong Mining Co., Ltd. – an associate of Xinjiang Yakesi in 2013.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(4) Other receivables *(continued)*

(a) The ageing of other receivables is analysed below:

	31 December 2015	31 December 2014
Within 1 year	**94,286,389.55**	39,134,102.97
1 to 2 years	**3,560,504.11**	13,788,925.82
2 to 3 years	**5,812,100.00**	97,593.15
3 to 4 years	**84,082.15**	35,691.27
4 to 5 years	**35,691.27**	16,916.36
Over 5 years	**2,977,278.71**	2,960,362.35
	106,756,045.79	56,033,591.92

As at 31 December 2015, other receivables of RMB12,373,309.83 (31 December 2014: RMB8,922,580.88) were past due but not impaired. Based on the analysis of the customer's financial situation and credit record, the Group believes that this part of other receivables can be recovered. The ageing of such other receivables is analysed as follows:

	31 December 2015	31 December 2014
Within 1 year	**–**	–
1 to 2 years	**3,560,504.11**	5,818,292.96
2 to 3 years	**5,812,100.00**	97,593.15
3 to 4 years	**84,082.15**	35,691.27
4 to 5 years	**35,691.27**	82,694.66
Over 5 years	**2,880,932.30**	2,888,308.84
	12,373,309.83	8,922,580.88

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(4) Other receivables *(continued)*

(b) Other receivables by categories are analysed as follows:

	31 December 2015				31 December 2014			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
With amounts that are individually significant and that the related provision for bad debts is provided on the individual basis	–	–	–	–	–	–	–	–
That the related provision for bad debts is provided on the grouping basis								
– Related party group *(Note 9(6)(b))*	33,315,897.04	31.21%	–	–	2,739,673.41	4.89%	–	–
– Ageing group	73,440,148.75	68.79%	(96,346.41)	0.13%	53,293,918.51	95.11%	(96,346.41)	0.18%
With amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis	–	–	–	–	–	–	–	–
	106,756,045.79	100.00%	(96,346.41)		56,033,591.92	100.00%	(96,346.41)	

(c) The groups of other receivables using ageing analysis method for the purpose of bad debt assessment are analysed as follows:

	31 December 2015			31 December 2014		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Amount	Ratio	Amount	Amount	Ratio
Within 1 year	63,627,112.51	–	–	39,054,505.46	–	–
1 to 2 years	3,560,204.11	–	–	13,785,169.92	–	–
2 to 3 years	5,812,100.00	–	–	97,593.15	–	–
3 to 4 years	84,082.15	–	–	35,691.27	–	–
4 to 5 years	35,691.27	–	–	16,916.36	(16,916.36)	100.00%
Over 5 years	320,958.71	(96,346.41)	30.02%	304,042.35	(79,430.05)	26.12%
	73,440,148.75	(96,346.41)		53,293,918.51	(96,346.41)	

(d) There was no provision for bad debts of other receivables provided, collected or reversed in current year.

(e) There were no other receivables written off in current year.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(4) Other receivables *(continued)*

(f) As at 31 December 2015, the top five other receivables are analysed as follows:

	Nature	Amount	Ageing	% of total balance	Provision of bad debts
CITIC Futures Co., Ltd.	Deposit for futures	38,243,846.18	Within 1 years	35.82%	–
Hami Hexin Mining Co., Ltd. (hereafter "Hexin Mining")	Loan	32,656,620.00	Within 2 years, over 5 years	30.59%	–
Trafigura Investment (China) Co., Ltd.	Deposit for pricing options	13,500,000.00	Within 1 years	12.65%	–
Hongyuan Futures Co., Ltd.	Deposit for futures	7,076,722.11	Within 1 years	6.63%	–
Gansu Ximai New Material Technology Co., Ltd.	Transfer of equity and debt	5,812,100.00	2 to 3 years	5.44%	–
		97,289,288.29		91.13%	–

(5) Advances to suppliers

(a) The ageing of advances to suppliers is analysed as follows:

	31 December 2015		31 December 2014	
	Amount	**% of total balance**	Amount	% of total balance
Within 1 year	**42,921,164.74**	**88.24%**	63,456,706.06	65.01%
1 to 2 years	**1,172,355.50**	**2.41%**	5,821,506.29	5.96%
2 to 3 years	**2,041,700.36**	**4.20%**	20,556,885.62	21.06%
Over 3 years	**2,506,136.31**	**5.15%**	7,782,253.74	7.97%
	48,641,356.91	**100.00%**	97,617,351.71	100.00%

As at 31 December 2015, advances to suppliers over 1 year with carrying amount of RMB5,720,192.17 (31 December 2014: RMB34,160,645.65) are mainly advances paid for purchasing raw materials.

(b) As at 31 December 2015, the top five advances to suppliers are analysed as follows:

	Amount	**% of total balance**
Total amount of the top five advances to suppliers	20,469,433.38	42.08%

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(6) Inventories

(a) Classification of inventories is as follows:

	31 December 2015			31 December 2014		
	Ending balance	Provision for declines in value of inventories	Carrying amount	Ending balance	Provision for declines in value of inventories	Carrying amount
Raw materials	437,877,046.70	(1,225,787.98)	436,651,258.72	737,914,325.98	(543,427.80)	737,370,898.18
Work in progress	737,300,818.26	(52,633,868.28)	684,666,949.98	898,818,600.78	(2,254,605.82)	896,563,994.96
Semi-finished goods	519,059,502.34	(54,651,886.22)	464,407,616.12	550,708,785.62	(2,507,220.32)	548,201,565.30
Finished goods	1,276,967,608.96	(177,815,473.27)	1,099,152,135.69	467,147,427.44	(2,919,250.69)	464,228,176.75
	2,971,204,976.26	(286,327,015.75)	2,684,877,960.51	2,654,589,139.82	(8,224,504.63)	2,646,364,635.19

As at 31 December 2015, Wuxin Copper pledged inventories with the book value of RMB76,587,918.97 to banks for the pledged loan of RMB185,000,000.00 (Note 4(27)(b)(i)). These inventories were also pledged to banks for the gold lease contract (Note 4(17)(a)).

(b) Inventories balance fluctuation is analysed as follows:

	31 December 2014	Increase in current year	Decrease in current year	31 December 2015
Raw materials	737,914,325.98	2,245,766,497.04	(2,545,803,776.32)	437,877,046.70
Work in progress	898,818,600.78	2,757,705,449.86	(2,919,223,232.38)	737,300,818.26
Semi-finished goods	550,708,785.62	3,548,653,616.24	(3,580,302,899.52)	519,059,502.34
Finished goods	467,147,427.44	3,659,186,046.70	(2,849,365,865.18)	1,276,967,608.96
	2,654,589,139.82	12,211,311,609.84	(11,894,695,773.40)	2,971,204,976.26

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(6) Inventories *(continued)*

(c) Provisions for declines in value of inventories are analysed as follows:

	31 December 2014	Increase in current year Accruement	Decrease in current year Sold	**31 December 2015**
Raw materials	(543,427.80)	(682,360.18)	–	**(1,225,787.98)**
Work in progress	(2,254,605.82)	(54,636,792.72)	4,257,530.26	**(52,633,868.28)**
Semi-finished goods	(2,507,220.32)	(54,663,240.12)	2,518,574.22	**(54,651,886.22)**
Finished goods	(2,919,250.69)	(188,197,853.47)	13,301,630.89	**(177,815,473.27)**
	(8,224,504.63)	(298,180,246.49)	20,077,735.37	**(286,327,015.75)**

(d) Provision for decline in value of inventories is as follows:

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes. The reasons for decrease of provision for finished goods is sales of the inventories.

(7) Other current assets

	31 December 2015	31 December 2014
Deductible VAT	**410,522,602.11**	357,068,113.69
Prepaid income tax	**20,744,850.45**	17,219,676.46
Available-for-sale financial assets *(Note 4(8))*	**–**	8,000,000.00
Others	**–**	222,487.26
	431,267,452.56	382,510,277.41

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(8) Available-for-sale financial assets

	31 December 2015	31 December 2014
Measured at fair vale – a financial product	**–**	8,000,000.00
Less: impairment costs	**–**	–
Less: available-for-sale financial assets included in other current assets	**–**	(8,000,000.00)
	–	–

On 20 March 2014, the Group purchased a short-term financial product of RMB8,000,000.00. The financial product is the non-guaranteed floating-earning product with an annualized return of 2.8%. The highest risk exposure is the carrying value of RMB8,000,000.00 of the financial product at the balance sheet date. The Group has no intention and obligation to provide financial support to this financial product. The financial product has been redeemed in January 2015.

(9) Long-term equity investments

	31 December 2015	31 December 2014
Joint venture *(a)*	**134,213,324.52**	156,008,153.98
Less: provision of long-term equity investments	**–**	–
	134,213,324.52	156,008,153.98

The joint venture investment is non-listed and does not have significant limitation of transfer.

(a) Joint venture

		Current year movement								
	31 December 2014	Increase/ Decrease in investment	Share of net profit using the equity method *(Note 4(45))*	Offsetting the unrealised profit of internal transaction *(Note 6(2)(b))*	Other comprehensive income adjustment	Other changes in equity	Cash dividend declared	Impairment provided in the current year	**31 December 2015**	Provision for impairment
Hexin Mining	156,008,153.98	–	(13,792,143.69)	(8,002,685.77)	–	–	–	–	**134,213,324.52**	–

The place of registration and main premises of Hexin Mining are both in China, Hexin Mining is one of the major raw material suppliers of the Group and has strategic significance to ensure the raw material supply.

Refer to Note 6(2) for relevant equity information on joint venture.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(10) Fixed assets

	Buildings	Mining structure	Machinery and equipment	Motor vehicles	Electronic and office equipment	Total
Cost						
31 December 2014	2,522,710,028.98	851,444,560.46	2,452,303,748.72	74,700,995.73	60,917,958.64	5,962,077,292.53
Additions						
Purchase	4,696,986.93	51,282.05	25,010,296.98	1,032,984.15	1,797,230.07	32,588,780.18
Transfer-in from construction in progress *(Note 4(12)(a))*	114,380,578.93	28,386,306.15	124,332,557.42	–	–	267,099,442.50
Reductions						
Transfer-out to construction in progress *(i) (Note 4(12)(a))*	–	–	(80,225,056.62)	–	–	(80,225,056.62)
Disposal and retirement	–	–	(346,735.00)	(2,148,143.00)	(21,636.00)	(2,516,514.00)
Reclassification	71,157,075.33	(3,747,710.14)	(84,053,553.00)	(4,359,497.28)	21,003,685.09	–
31 December 2015	**2,712,944,670.17**	**876,134,438.52**	**2,437,021,258.50**	**69,226,339.60**	**83,697,237.80**	**6,179,023,944.59**
Accumulated depreciation						
31 December 2014	287,055,996.46	100,317,104.82	452,307,299.95	34,961,619.60	24,142,575.57	898,784,596.40
Accruement	71,300,976.38	36,373,037.25	169,357,087.50	5,655,858.63	6,431,498.64	289,118,458.40
Transfer-out to construction in progress *(i) (Note 4(12)(a))*	–	–	(1,981,583.97)	–	–	(1,981,583.97)
Disposal and retirement	–	–	(187,531.37)	(1,750,309.88)	(20,554.20)	(1,958,395.45)
Reclassification	873,289.31	(1,495,118.92)	(2,732,213.08)	585,424.89	2,768,617.80	–
31 December 2015	**359,230,262.15**	**135,195,023.15**	**616,763,059.03**	**39,452,593.24**	**33,322,137.81**	**1,183,963,075.38**
Net Book Value						
31 December 2015	**2,353,714,408.02**	**740,939,415.37**	**1,820,258,199.47**	**29,773,746.36**	**50,375,099.99**	**4,995,060,869.21**
31 December 2014	2,235,654,032.52	751,127,455.64	1,999,996,448.77	39,739,376.13	36,775,383.07	5,063,292,696.13

As at 31 December 2015, certain building with net book value of RMB1,238,638,703.06 (cost of RMB1,289,871,721.68) (31 December 2014: net book value of RMB1,229,883,594.94 (cost of RMB1,245,088,614.59)) and certain land use rights (Note 4(13)) were pledged to a bank to obtain a loan facility of RMB287,860,000.00. As at 31 December 2015, the Group obtained borrowings of RMB220,000,000.00 under this banking facility (31 December 2104: RMB200,703,988.95) (Note 4(27)(a)(i), (b)(i)).

In 2015, depreciation expense of fixed assets amounted to RMB289,118,458.40 (2014: RMB194,640,379.16), of which RMB270,874,324.39 were charged to cost of sales, RMB17,717,840.45 to general and administrative expenses, RMB162,532.14 to selling expense and RMB363,761.42 to construction in progress (2014: RMB181,034,288.75, RMB11,662,330.54, RMB152,451.21 and RMB1,791,308.66 respectively).

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(10) Fixed assets *(continued)*

The costs of fixed assets transferred-in from construction in progress amounted to RMB267,099,442.50 for the year ended 31 December 2015 (2014: RMB2,609,063,783.40).

(i) In February 2015, the fixed asset cost RMB80,225,056.62 with accumulated depreciation of RMB1,981,583.97 was transferred-out to construction in process by Wuxin Copper to reconstruct and renovate its smelter workshop. After reconstruction and renovation, the asset with cost of RMB102,352,718.34 was transferred back to fixed assets (Note 4(12)(a)).

(ii) Wuxin Copper, a smelting and processing company of copper, commenced its operations from July 2014. In 2015, Wuxin Copper incurred huge loss which contributes to certain indications of long-term assets impairment. The Management identified relevant long-term assets of Wuxin Copper (including fixed assets, intangible assets and construction in progress) as an independent cash-flow generating unit. As at 31 December 2015, an independent asset appraiser was appointed by Wuxin Copper to evaluate the net recoverable value of its long-term assets. According to the result of the evaluation, there was no impairment on long-term assets.

The recoverable amount is determined based on the present value of future cash flow projections, which is determined by the discounted cash flow forecast approved by management based on management's assumptions and estimates of discount rates and selling price of metal. The discount rate used in measuring value-in-use was 13.43%, which was pre-tax and reflects the specific risk relating to the business. The price of metal used was derived based on comprehensive considerations of the forecasts of several different investment banks.

(a) Temporarily idle fixed assets

As at 31 December 2015, fixed assets with carrying amount of RMB19,413,068.41 (cost of RMB89,691,215.42) were temporarily idle for the purpose of production facility improvement (31 December 2014: RMB1,743,820.73 (cost of RMB29,840,232.28)), and analysed as follows:

	Cost	Accumulated depreciation	Carrying amount
Machinery and equipment	62,666,070.92	(54,673,101.18)	7,992,969.74
Buildings	26,115,387.80	(14,921,787.07)	11,193,600.73
Electronic and office equipment	909,756.70	(683,258.76)	226,497.94
	89,691,215.42	(70,278,147.01)	19,413,068.41

(b) Fixed assets with pending certificates of ownership

As at 31 December 2015, the net book value of RMB1,804,940,499.01 of buildings were in the process of applying the property ownership certificates. The Group's management believes that there is no substantial difficulty in obtaining the property ownership certificate and there is no significant adverse effect on the Group's operation.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(11) Construction materials

	31 December 2015	31 December 2014
Construction materials	**1,251,725.55**	1,821,074.60

(12) Construction in progress

	31 December 2015			31 December 2014		
	Ending balance	Provision for impairment	Carrying amount	Ending balance	Provision for impairment	Carrying amount
The Company:						
Fukang Refinery						
Nickel refining project	3,396,048.11	–	3,396,048.11	8,968,925.09	–	8,968,925.09
Other projects	9,673,861.77	–	9,673,861.77	6,209,693.11	–	6,209,693.11
Sub-total of the Company	13,069,909.88	–	13,069,909.88	15,178,618.20	–	15,178,618.20
Subsidiaries:						
Kalatongke Mining						
Nickel smelting, mining and ore processing project	51,197,646.55	–	51,197,646.55	70,972,655.01	–	70,972,655.01
Final stages of mining extension	17,027,894.84	–	17,027,894.84	–	–	–
Resource exploration project	15,820,811.88	–	15,820,811.88	11,589,815.28	–	11,589,815.28
Other constructions in progress for production	85,316,154.22	–	85,316,154.22	72,359,024.85	–	72,359,024.85
Xinjiang Yakesi						
Huangshanxi mining and ore processing project	892,334,107.97	–	892,334,107.97	801,519,822.48	–	801,519,822.48
Huangshandong #17 mine construction project	34,539,043.92	–	34,539,043.92	31,631,471.25	–	31,631,471.25
Xiangshan mine construction project	–	–	–	2,372,173.56	–	2,372,173.56
Hami Jubao						
Huangshandong #12 mine project	26,411,951.40	–	26,411,951.40	27,592,163.94	–	27,592,163.94
Zhongxin Mining						
Auxiliary project for smelting operations	3,121,800.60	–	3,121,800.60	–	–	–
Wuxin Copper						
Ten thousand copper smelting project	29,642,984.94	–	29,642,984.94	62,122,313.90	–	62,122,313.90
DPA project	61,754,065.98	–	61,754,065.98	80,306,806.47	–	80,306,806.47
Shaanxi Xinxin						
Other projects	1,959,073.00	–	1,959,073.00	1,799,073.00	–	1,799,073.00
Beijing Xinding						
Construction projects of the base for research and ware housing	112,975,725.53	–	112,975,725.53	75,199,248.97	–	75,199,248.97
Sub-total of subsidiaries	1,332,101,260.83	–	1,332,101,260.83	1,237,464,568.71	–	1,237,464,568.71
Total	1,345,171,170.71	–	1,345,171,170.71	1,252,643,186.91	–	1,252,643,186.91

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(12) Construction in progress *(continued)*

(a) Significant changes to construction in progress

Project name	Budget	31 December 2014	Current year additions	Transferred from fixed assets *(Note 4(10) (i))*	Transfer to fixed assets *(Note 4(10))*	Transferred to intangible assets *(Note 4(13))*	31 December 2015	% of expenditures incurred to budgeted amount	Cumulative capitalised borrowing costs	Including: borrowing costs capitalised in current year *(Note 4(42))*	Capitalisation rate	Source of funds
The Company:												
Fukang Refinery												
Nickel refining project	163,360,000.00	8,968,925.09	3,016,456.00	–	(8,589,332.98)	–	**3,396,048.11**	14.94%	–	–	–	Self-funding
Other projects	32,000,000.00	6,209,693.11	15,191,834.73	–	(11,727,666.07)	–	**9,673,861.77**	95.06%	–	–	–	Self-funding
Sub-total of the Company	195,360,000.00	15,178,618.20	18,208,290.73	–	(20,316,999.05)	–	**13,069,909.88**		–	–	–	
Subsidiaries:												
Kalatongke Mining												
Nickel smelting, mining and ore processing project	1,737,551,493.00	70,972,655.01	–	–	(19,775,008.46)	–	**51,197,646.55**	99.70%	37,327,073.00	–	–	Self-funding/loans/ government grants
Final stages of mining extension	20,000,000.00	–	17,027,894.84	–	–	–	**17,027,894.84**	85.14%	–	–	–	Self-funding
Resource exploration project	59,610,806.00	11,589,815.28	4,230,996.60	–	–	–	**15,820,811.88**	97.37%	–	–	–	Self-funding/ government grants
Other constructions in progress for production	108,046,239.00	72,359,024.85	35,259,979.13	–	(22,302,849.76)	–	**85,316,154.22**	99.61%	–	–	–	Self-funding
Xinjiang Yakesi												
Huangshanxi mining and ore processing project	1,327,259,700.00	801,519,822.48	115,581,042.79	–	(24,766,757.30)	–	**892,334,107.97**	98.79%	205,187,172.93	27,911,605.28	5.90%	Self-funding/loans/ government grants
Huangshandong #17 mine construction project	141,000,000.00	31,631,471.25	9,700,385.54	–	(6,792,812.87)	–	**34,539,043.92**	98.95%	–	–	–	Self-funding
Xiangshan mine construction project	39,717,536.00	2,372,173.56	–	–	(2,372,173.56)	–	**–**	98.00%	–	–	–	Self-funding
Hami Jubao												
Huangshandong #12 mine project	91,800,000.00	27,592,163.94	7,647,640.60	–	(8,827,853.14)	–	**26,411,951.40**	98.62%	–	–	–	Self-funding
Zhongxin Mining												
Auxiliary project for smelting operations	4,000,000.00	–	3,164,600.60	–	(42,800.00)	–	**3,121,800.60**	79.12%	–	–	–	Self-funding/ government grants
Wuxin Copper												
Ten thousand copper smelting project	2,675,940,100.00	62,122,313.90	51,179,386.75	78,243,472.65	(161,902,188.36)	–	**29,642,984.94**	99.96%	176,302,845.44	–	–	Self-funding/loans/ government grants
DPA project	100,000,000.00	80,306,806.47	6,641,059.51	–	–	(25,193,800.00)	**61,754,065.98**	86.95%	–	–	–	Self-funding
Shaanxi Xinxin												
Other projects	10,000,000.00	1,799,073.00	160,000.00	–	–	–	**1,959,073.00**	19.59%	–	–	–	Self-funding
Beijing Xinding												
Construction projects of the base for research and ware housing	130,000,000.00	75,199,248.97	37,776,476.56	–	–	–	**112,975,725.53**	86.90%	–	–	–	Self-funding
Sub-total of subsidiaries	6,444,925,874.00	1,237,464,568.71	288,369,462.92	78,243,472.65	(246,782,443.45)	(25,193,800.00)	**1,332,101,260.83**		418,817,091.37	27,911,605.28		
Total	6,640,285,874.00	1,252,643,186.91	306,577,753.65	78,243,472.65	(267,099,442.50)	(25,193,800.00)	**1,345,171,170.71**		418,817,091.37	27,911,605.28		

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(13) Intangible assets

	Mining rights	Exploration rights	Land use rights	Others	Totals
Cost					
31 December 2014	699,654,158.24	208,153,000.00	233,702,169.12	1,471,272.63	1,142,980,599.99
Additions – Purchase	–	–	14,540,355.00	193,031.63	14,733,386.63
Transferred from construction in process *(Note 4(12)(a))*	–	–	25,193,800.00	–	25,193,800.00
31 December 2015	699,654,158.24	208,153,000.00	273,436,324.12	1,664,304.26	1,182,907,786.62
Accumulated amortisation					
31 December 2014	100,745,121.05	–	27,229,724.02	1,190,658.14	129,165,503.21
Additions – Accruement	14,765,586.36	–	5,667,686.95	88,117.50	20,521,390.81
31 December 2015	115,510,707.41	–	32,897,410.97	1,278,775.64	149,686,894.02
Net book value					
31 December 2015	584,143,450.83	208,153,000.00	240,538,913.15	385,528.62	1,033,220,892.60
31 December 2014	598,909,037.19	208,153,000.00	206,472,445.10	280,614.49	1,013,815,096.78

For the year ended 31 December 2015, amortisation expense of intangible assets amounted to RMB20,521,390.81 (2014: RMB19,681,860.40).

The exploration rights were acquired through the acquisition of Shaanxi Xinxin by the Group in 2011. Shaanxi Xinxin has applied to covert the exploration rights of two mines located in Shangnan, Shaanxi into mining rights. As at 31 December 2015, the application was in the process of approving.

As at 31 December 2015 and 2014, there was no impairment on intangible assets provided.

As at 31 December 2015, certain land use rights with net book value of RMB25,410,527.77 (cost: RMB26,601,054.00) (31 December 2014: net book value of RMB25,981,997.44 (cost: RMB26,601,054.00)) and certain buildings (Note 4(10)) were pledged to a bank to obtain a bank facility of RMB287,860,000.00. As at 31 December 2015, the Group obtained the loan of RMB220,000,000.00 under this banking facility (31 December 2014: RMB200,703,988.95) (Note 4(27)(a)(i), (b)(i)).

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(14) Goodwill

	31 December 2015	31 December 2014
The acquisition of Zhongxin Mining	**17,844,894.10**	17,844,894.10
The acquisition of Xinjiang Yakesi and Hami Jubao	**9,987,911.01**	9,987,911.01
The acquisition of Shaanxi Xinxin	**254,745.09**	254,745.09
	28,087,550.20	28,087,550.20

As at 31 December 2015 and 2014, the Group assessed impairment of goodwill (Note 2(30)(b)) according to the accounting policy of Note 2(20). Based on the result of assessment, the Group did not make impairment provision on goodwill. There is no movement of goodwill during the year ended 31 December 2015.

The recoverable amount of assets group is calculated using discounted cash flow models in accordance with the approved five year budget by management. The cash flow beyond five years is extrapolated using the estimated growth rate below.

The key assumptions of discounted cash flow models are as follows:

	Zhongxin Minging	**Xinjiang Yakesi and Hami Jubao**
Growth rate	3%	3%
Gross margin	8%	27%
Discount rate	15%	16%

The weighted average growth rates applied by management are consistent with those estimated in the industry reports, and do not exceed the long-term average growth rates of each product. Management determines budgeted gross margin based on past experience and forecast on future market development. The discount rates used by management are the pre-tax interests rates that are able to reflect the risks specific to the related asset groups and groups of asset groups. The above assumptions are used to assess the recoverable amount of each asset group and group of asset within the corresponding operating segment.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(15) Other non-current assets

	31 December 2015	31 December 2014
Prepayments for purchase of land *(a)*	**40,000,000.00**	54,110,000.00
Prepaid utilities *(b)*	**27,500,000.00**	36,000,000.00
Total	**67,500,000.00**	90,110,000.00

(a) As at 31 December 2015 and 2014, included in the balance was RMB40,000,000.00 prepaid for purchase of a land use right for office building construction by Xinjiang Yakesi. As at 31 December 2014, the balance of RMB14,110,000.00 was prepaid for purchase of a land use right by Fukang Refinery, which had been transfered into intangible assets in 2015.

(b) The balance represented the prepayment for utilities of Xinjiang Yakesi, which will be offset the utilities to be incurred after 1 January 2017.

(16) Provision for asset impairment

	31 December 2014	Current year additions *Note 4(43)*	Current year reductions Sold	**31 December 2015**
Provision for bad debts	4,000,740.35	22,320.06	–	**4,023,060.41**
Including: Accounts receivable	3,904,393.94	22,320.06	–	**3,926,714.00**
Other receivables	96,346.41	–	–	**96,346.41**
Provision for decline in value of inventories	8,224,504.63	298,180,246.49	(20,077,735.37)	**286,327,015.75**
	12,225,244.98	298,202,566.55	(20,077,735.37)	**290,350,076.16**

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

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

	31 December 2015	31 December 2014
Gold lease and related future contracts *(a)*	**404,060,811.92**	651,181,670.00
Standard future contracts *(b)*	**155,000.00**	62,000.00
	404,215,811.92	651,243,670.00

(a) In 2015, Wuxin Copper, Kalatongke Mining and Xinjiang Yakesi signed gold lease contracts with banks to obtain short-term financing. For the purpose of managing the risk of the fluctuation of the price of gold, Wuxin Copper and Kalatongke Mining authorized the banks to purchase the gold future contracts in line with the quantity of gold leased and sold. As at 31 December 2015, the total fair value of the gold lease contracts and the related future contracts amounted to RMB404,060,811.92 (31 December 2014: RMB651,181,670.00). The balances of gold lease and the related future contracts of RMB95,196,000.00 was pledged by copper concentrate of Wuxin Copper of RMB76,587,918.97 (Note 4(6)(a)).

(b) The Group entered into the future contracts on October 2013 with the initial hold fair value of zero. According to the terms of the future contracts, the Group settled majority of the future contracts. For the year ended 31 December 2015, gains from the settlement of future contracts were RMB7,213,850.00 and commission were RMB121,184.14, total gains were RMB7,092,665.86 (Note 4(45)). As at 31 December 2015, the Group held 50 lots (250 tons) of copper future contracts. According to the closing prices of Shanghai Futures Exchange on 31 December 2015, the fair value of the future contract represented floating loss of RMB155,000.00 (31 December 2014: floating loss of RMB62,000.00) (Note 4(44)).

(18) Notes payable

	31 December 2015	31 December 2014
Bank acceptance notes	**698,410,000.00**	536,675,669.66
Letter of credit payables	**50,000,000.00**	–
	748,410,000.00	536,675,669.66

As at 31 December 2015 and 2014, all notes payable were due within 180 days.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(19) Accounts payable

	31 December 2015	31 December 2014
Payable for purchase of materials	**506,568,667.98**	445,878,739.20
Payable for purchase of services	**48,729,928.16**	55,453,975.92
Payable for transportation fees	**25,044,892.59**	11,353,399.43
Others	**2,285,583.00**	1,389,486.75
	582,629,071.73	514,075,601.30

(a) As at 31 December 2015, accounts payable over one year with carrying amount of RMB21,831,162.51 (31 December 2014: RMB16,284,347.12) were mainly payables for purchase of materials.

(b) The ageing of accounts payable based on their recording dates is analysed as follows:

	31 December 2015	31 December 2014
Within 3 months	**479,815,799.80**	456,440,393.10
3 to 6 months	**56,584,185.58**	26,704,031.60
Over 6 months	**46,229,086.35**	30,931,176.60
	582,629,071.73	514,075,601.30

(20) Advances from customers

	31 December 2015	31 December 2014
Advances for sales of goods	**29,474,427.41**	18,646,187.59

(a) As at 31 December 2015, advances from customers over one year with carrying amount of RMB839,722.96 (31 December 2014: RMB757,856.18) were mainly advances for sales of goods.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(21) Employee benefits payable

	31 December 2015	31 December 2014
Short-term employee benefits payable	**57,079,720.27**	50,989,800.23
Defined contribution plans payable	**1,308,279.87**	1,363,308.30
	58,388,000.14	52,353,108.53

(a) Short-term employee benefit payable

	31 December 2014	Current year additions	Current year reductions	**31 December 2015**
Salaries, bonuses, allowances and subsidies	35,434,336.73	246,226,015.19	(243,899,769.79)	**37,760,582.13**
Staff welfare	–	9,819,436.25	(9,819,436.25)	**–**
Social insurances	1,621,680.34	22,445,117.76	(22,516,707.35)	**1,550,090.75**
Including: Medical insurance	1,113,105.16	16,087,798.04	(16,142,855.22)	**1,058,047.98**
Work injury insurance	439,104.35	4,343,240.30	(4,357,503.43)	**424,841.22**
Maternity insurance	69,470.83	1,542,801.87	(1,545,071.15)	**67,201.55**
Illness insurance	–	471,277.55	(471,277.55)	**–**
Housing funds	2,354,189.93	23,119,750.48	(23,050,298.66)	**2,423,641.75**
Labor union fund and employee education fund	11,539,408.58	8,891,424.36	(6,357,236.89)	**14,073,596.05**
Service charge	–	9,466,566.38	(9,466,566.38)	**–**
Others	40,184.65	1,270,789.59	(39,164.65)	**1,271,809.59**
	50,989,800.23	321,239,100.01	(315,149,179.97)	**57,079,720.27**

(b) Defined contribution plans payable

	31 December 2014	Current year additions	Current year reductions	**31 December 2015**
Pension insurance	1,317,478.79	40,156,510.48	(40,218,950.25)	**1,255,039.02**
Unemployment insurance	45,829.51	3,342,815.54	(3,335,404.20)	**53,240.85**
	1,363,308.30	43,499,326.02	(43,554,354.45)	**1,308,279.87**

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(22) Taxes payable

	31 December 2015	31 December 2014
Resource compensation fee	**3,497,718.07**	3,623,441.97
Value added tax payable	**3,017,065.50**	123,503.37
Resource tax	**893,960.78**	787,795.52
Stamp duty	**512,985.79**	1,172,917.40
Individual income tax	**440,822.59**	385,637.06
City maintenance and construction tax payable	**157,536.36**	9,122.53
Educational surcharge payable	**151,358.14**	3,362.90
Income tax payable	**280.00**	4,735,738.01
Others	**27,897.65**	47,761.09
	8,699,624.88	10,889,279.85

(23) Interest payable

	31 December 2015	31 December 2014
Interest of bond payable	**37,704,109.56**	30,723,287.66
Interest of short term borrowings	**2,124,296.13**	2,494,110.14
Interest of long term borrowings	**2,118,348.22**	3,196,835.84
	41,946,753.91	36,414,233.64

(24) Other payables

	31 December 2015	31 December 2014
Payables due to related parties *(Note 9(6)(e))*	**362,975,214.01**	146,712,673.19
Payables for construction projects	**158,796,622.02**	163,135,946.92
Payables for purchase of equipments	**81,393,558.98**	121,476,009.56
Deposit for quality guarantee	**12,241,137.45**	8,926,369.65
Payable for professional service	**2,127,023.88**	2,401,443.41
Payable for sewage charges	**1,000,668.00**	1,471,506.00
Deposit for equity investment	**–**	6,000,000.00
Others	**19,815,515.99**	16,657,125.81
	638,349,740.33	466,781,074.54

(a) As at 31 December 2015, other payables over 1 year with carrying amount of RMB237,102,823.28 (31 December 2014: RMB162,595,131.15) were mainly payable for construction projects, equipment and deposit for quality guarantee. Due to the related projects have not been finished yet, these payable balance were not settled.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(25) Provisions

	31 December 2014	Current year additions *(Note 4(42))*	**31 December 2015**
Provision for close down, restoration and environmental costs	7,021,778.10	1,361,778.96	**8,383,557.06**

A provision is recognised for the present value of costs to be incurred for the restoration of the tailings dam of Kalatongke Mining, Xinjiang Yakesi and Hami Jubao which has been determined by management based on their past experience and best estimate of future expenditure by discounting the expected expenditures to their net present value. However, in so far as the effect of the land and the environment from current mining activities becomes apparent in future periods, the estimate of the associated costs may be subject to revision in the future. The amounts provided in relation to close down, restoration and environmental clean up costs are reviewed at least annually based upon the facts and circumstances available at the time and the provisions are updated accordingly.

(26) Current portion of non-current liabilities

	31 December 2015	31 December 2014
Current portion of long-term borrowings *(Note 4(27)(a))*	**576,000,000.00**	502,020,000.00

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(27) Borrowings

(a) Long-term borrowings

	31 December 2015	31 December 2014
Unsecured loans	**1,554,760,000.00**	2,046,780,000.00
Pledged loans *(i)*	**90,000,000.00**	90,703,988.95
	1,644,760,000.00	2,137,483,988.95
Less: current portion of long-term borrowings		
Unsecured loans	**(566,000,000.00)**	(492,020,000.00)
Pledged loans	**(10,000,000.00)**	(10,000,000.00)
Sub total *(Note 4(26))*	**(576,000,000.00)**	(502,020,000.00)
	1,068,760,000.00	1,635,463,988.95

As at 31 December 2015, the long-term borrowings were due for repayment since April 2017. The interests are paid on a quarterly basis. In 2015, the interest rates of long-term borrowings were between 4.66% and 7.12% annually (31 December 2014: 5.84% – 7.73%).

(i) As at 31 December 2015, the long-term pledged loans of RMB90,000,000.00 (31 December 2014: RMB90,703,988.95) and short-term loans of RMB130,000,000.00 (Note 4(27)(b)(i)) were secured by certain buildings of Wuxin Copper with the net book value of RMB1,238,638,703.06 (cost: RMB1,289,871,721.68) (Note 4(10)) and certain land use rights of Wuxin Copper with the net book value of RMB25,410,527.77 (cost: RMB26,601,054.00) (Note 4(13)).

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(27) Borrowings *(continued)*

(b) Short-term borrowings

	31 December 2015	31 December 2014
Unsecured loans	**905,000,000.00**	806,500,000.00
Pledged loans *(i)*	**315,000,000.00**	310,000,000.00
Impawn loans *(ii)*	**180,000,000.00**	–
Factoring loans *(iii)*	**100,000,000.00**	–
	1,500,000,000.00	1,116,500,000.00

As at 31 December 2015, the interest rates of short-term borrowings were between 4.13% and 6.00% annually (31 December 2014: 4.74% – 6.30%).

(i) Wuxin Copper signed a pledged loan contract with a bank in 2015. Part of inventories was pledged to obtain short-term borrowings (Note 4(6)(a)). As at 31 December 2015, the balance of the short-term borrowings were RMB185,000,000.00 (31 December 2014: RMB200,000,000.00). As at 31 December 2015, short-term bank borrowings of RMB130,000,000.00 (31 December 2014: RMB110,000,000.00) and long-term bank borrowings of RMB90,000,000.00 (Note 4(27)(a)(i)) were secured by certain buildings with a bank with the net book value of RMB1,238,638,703.06 (cost: RMB1,289,871,721.68) (Note 4(10)) and certain land use rights with the net book value of RMB25,410,527.77 (cost: RMB26,601,054.00) (Note 4(13)) of Wuxin Copper.

(ii) As at 31 December 2015, Kalatongke Mining discounted its not matured trade acceptance notes receivable of the Company to a bank to obtain the loans of RMB180,000,000.00 (31 December 2014: Nil).

(iii) In 2015, Kalatongke Mining signed two factoring contracts with a bank and factored the receivables of RMB134,996,472.82 due by Fukang Refinery to the bank to obtain the loans of RMB100,000,000.00 (31 December 2014: Nil).

(28) Bond payable

	31 December 2014	Increase in current year	Nominal interest	Amortisation	Repayment in current year	31 December 2015
Medium-term notes	500,000,000.00	800,000,000.00	42,580,821.90	–	–	**1,300,000,000.00**

Information related to bond:

	Par value	Issuance date	Maturity	Issuance amount
Medium-term notes	100.00	18 February 2014	3 years	500,000,000.00
Medium-term notes	100.00	12 November 2015	3 years	800,000,000.00

On 18 February 2014, the Company issued the first medium term notes of the year. Interest of the bond is calculated by the simple interest method and repaid annually, and the fixed interest rate is 7.12% annually. On 12 November 2015, the Company issued the first medium term notes of 2015. Interest of this bond is calculated by the simple interest method and repaid annually, and the fixed interest rate is 6.50% annually (Note 4(23)).

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(29) Long-term payables

	31 December 2014	Increase in current year	Accrued in capital surplus in current year *(Note 4(33))*	Accrued in financial expences in current year *(Note 4(42))*	**31 December 2015**
Payables to a related party *(Note 9(6)(g))*	50,000,000.00	35,000,000.00	–	–	**85,000,000.00**
Less: discounted payables to a related party	(4,184,429.24)	–	(11,782,478.60)	7,308,782.27	**(8,658,125.57)**
	45,815,570.76				**76,341,874.43**

(30) Deferred income

	31 December 2014	Current year Additions	Current year Reductions	**31 December 2015**	Causes
Government grants	52,585,559.19	4,100,000.00	(2,422,666.16)	**54,262,893.03**	Encourage enterprises development

Government grants items	31 December 2014	Current year additions	Credited into non-operating income *(Note 4(46)(a))*	**31 December 2015**	Related to assets/related to income
The Company:					
– Project on concentration of reducing sodium	23,111.00	–	(5,332.00)	**17,779.00**	Related to assets
– Water resource utilization project	825,335.00	–	(56,000.00)	**769,335.00**	Related to assets
Sub-total of the Company	848,446.00	–	(61,332.00)	**787,114.00**	
Subsidiaries:					
– Enterprise development fund	22,422,957.15	–	(360,085.70)	**22,062,871.45**	Related to assets
– Land use right	8,915,557.84	–	(209,777.88)	**8,705,779.96**	Related to assets
– Project on exploration of No. 2 mine in Kalatongke Mining	7,617,333.34	–	(262,666.56)	**7,354,666.78**	Related to assets
– Project on energy saving	4,671,666.66	1,500,000.00	(783,888.84)	**5,387,777.82**	Related to assets
– Project on use of well water	2,430,000.00	–	(270,000.00)	**2,160,000.00**	Related to assets
– Project on technology improvement of nickel smelting	1,720,834.08	–	(175,000.70)	**1,545,833.38**	Related to assets
– General improvement project	1,440,000.00	–	(159,999.96)	**1,280,000.04**	Related to assets
– Project on technology improvement	1,291,111.12	–	(53,333.28)	**1,237,777.84**	Related to assets
– Department of Finance seedling special funds	800,000.00	–	–	**800,000.00**	Related to assets
– Online monitoring of pollution sources	360,000.00	–	(39,999.96)	**320,000.04**	Related to assets
– Project on recovery of No. 1 mine residual ore	67,653.00	–	(22,581.28)	**45,071.72**	Related to assets
– Final stages of mining extension	–	1,100,000.00	–	**1,100,000.00**	Related to assets
– Subsidies for clean energy	–	1,500,000.00	(24,000.00)	**1,476,000.00**	Related to assets
Sub-total of Subsidiaries	51,737,113.19	4,100,000.00	(2,361,334.16)	**53,475,779.03**	
Total	52,585,559.19	4,100,000.00	(2,422,666.16)	**54,262,893.03**	

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(31) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets before offsetting

	31 December 2015		31 December 2014	
	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets
Unrealised profits	118,654,616.81	17,798,192.52	146,439,418.63	23,800,994.50
Deductible losses	327,685,909.90	61,182,963.95	92,432,522.46	22,695,067.83
Government grants	22,018,241.62	3,302,736.24	21,247,044.20	3,187,056.63
Assets impairment	223,417,945.96	33,550,980.79	5,257,572.71	815,889.12
Others	2,039,159.12	509,789.78	1,947,304.95	486,826.24
	693,815,873.41	116,344,663.28	267,323,862.95	50,985,834.32
Including				
Deferred tax asset to be recovered within 1 year (including 1 year)		54,796,421.18		33,722,725.71
Deferred tax asset to be recovered after 1 year		61,548,242.10		17,263,108.61
		116,344,663.28		50,985,834.32

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(31) Deferred tax assets and deferred tax liabilities *(continued)*

(b) Deferred tax liabilities before offsetting

	31 December 2015		31 December 2014	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Business combination involving entities not under common control *(i)*	**588,510,903.93**	**138,720,916.49**	592,096,742.71	137,868,637.70
Unrealised losses	**87,814,934.74**	**14,516,857.54**	29,397,110.53	6,941,053.40
Depreciation	**13,999,715.01**	**2,099,957.25**	10,638,421.28	1,595,763.19
Discount of long-term payables	**8,658,125.57**	**2,164,531.39**	4,184,429.24	1,046,107.30
	698,983,679.25	**157,502,262.67**	636,316,703.76	147,451,561.59
Including				
Deferred tax liability to be recovered within 1 year (including 1 year)		**16,557,456.01**		9,089,147.72
Deferred tax liability to be recovered after 1 year		**140,944,806.66**		138,362,413.87
		157,502,262.67		147,451,561.59

(i) Deferred tax liabilities mainly represented the difference between the fair value and tax base of the mining rights, exploration rights, fixed assets and land use rights arising from the business combination involving entities not under common control.

(c) Deductible temporary differences and deductible losses that are not recognised as deferred tax assets are analysed as follows:

	31 December 2015	31 December 2014
Deductible losses	**754,310,256.89**	232,621,269.92
Deductible temporary differences	**66,932,130.18**	6,967,672.27
	821,242,387.07	239,588,942.19

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(31) Deferred tax assets and deferred tax liabilities *(continued)*

(d) Deductible temporary differences that are not recognised as deferred tax assets will fall due in the following years:

	31 December 2015	31 December 2014
2015	–	1,123,093.18
2016	320,994.72	3,057,965.76
2017	18,287,894.27	23,714,795.08
2018	2,665,336.33	21,685,031.43
2019	204,754,662.78	183,040,384.47
2020	528,281,368.79	–
	754,310,256.89	232,621,269.92

(e) The net balances of deferred tax assets and liabilities after offsetting are as follows:

	31 December 2015		31 December 2014	
	Setoff amount	Balances after offsetting	Setoff amount	Balances after offsetting
Deferred tax assets	14,516,857.54	101,827,805.74	6,941,053.40	44,044,780.92
Deferred tax liabilities	14,516,857.54	142,985,405.13	6,941,053.40	140,510,508.19

(32) Share capital

	31 December 2015		31 December 2014	
Domestic shares	Number of shares	% of issued capital	Number of shares	% of issued capital
Sponsors:				
Xinjiang Non-ferrous Group	885,204,000	40.06%	885,204,000	40.06%
Shanghai Yilian	282,896,000	12.80%	282,896,000	12.80%
Zhongjin Investment	198,028,000	8.96%	198,028,000	8.96%
Xiamen Zijin	56,580,000	2.56%	56,580,000	2.56%
Xinjiang Xinying	22,020,000	1.00%	22,020,000	1.00%
Shaanxi Honghao	6,272,000	0.28%	6,272,000	0.28%
Sub-total	1,451,000,000	65.66%	1,451,000,000	65.66%
H share holders	759,000,000	34.34%	759,000,000	34.34%
	2,210,000,000	100.00%	2,210,000,000	100.00%

The par value of each share is RMB0.25, and the total share capital is RMB552,500,000.00 (Note 1).

There was no movement of share capital of the Company in 2015.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(33) Capital surplus

	31 December 2014	**Current year additions**	**Current year deductions**	**31 December 2015**
Contribution from Parent Company related to mining right *(Note 1)*	**35,393,957.53**	**–**	**–**	**35,393,957.53**
Share Premium *(Note 2)*	**4,219,360,899.96**	**–**	**–**	**4,219,360,899.96**
Other capital surplus – Others *(Note 3) (Note 4(29))*	**–**	**11,782,478.60**	**(2,945,619.65)**	**8,836,858.95**
	4,254,754,857.49	**11,782,478.60**	**(2,945,619.65)**	**4,263,591,716.44**

	31 December 2013	Current year additions	Current year deductions	31 December 2014
Contribution from Parent Company related to mining right *(Note 1)*	35,393,957.53	–	–	35,393,957.53
Share Premium *(Note 2)*	4,219,360,899.96	–	–	4,219,360,899.96
	4,254,754,857.49	–	–	4,254,754,857.49

Note 1: It represents the difference between the fair value of mining rights acquired from Xinjiang Non-ferrous Group and the discounted net present value of long-term payable for the mining rights acquired, which is formed prior to be listed on the Hong Kong Stock Exchange in 2007.

Note 2: Share premium represents the difference between nominal value of share issued and the fair value of net assets/considerations received by the Company.

Note 3: Xinjiang Non-ferrous Group provided long-term interest-free borrowings to the Company. At the date of initial recognition, the difference between loan principal and the fair value of loan was recorded as capital surplus.

(34) Specific reserve

	31 December 2014	**Current year additions**	**Current year reductions**	**31 December 2015**
Safety fund *(Note)*	**227,157.17**	**41,040,757.59**	**(41,267,914.76)**	**–**

	31 December 2013	Current year additions	Current year reductions	31 December 2014
Safety fund *(Note)*	1,739,144.73	15,682,543.04	(17,194,530.60)	227,157.17

Note: Pursuant to regulation No. [2012]16 issued by the State Administration of Work Safety, Kalatongke Mining, Xinjiang Yakesi and Hami Jubao are required to set aside an amount to a safety fund at RMB10 (2014: RMB10) per ton of raw ore mined; and at 4% of consumed amount or revenue of vitriol of last year for Zhongxin Mining, Wuxin Copper, Kalatongke Mining and FuKang Refinery; Zhongxin Mining, Wuxin Copper, Fukang Refinery and Kalatongke Mining are required to apply the excess regressive method for the accrual of safety fund based on the refining revenue of last year. The accrual of safety fund is charged to production cost and credited to specific reserve. The safety expenditures that are expenses in nature are directly debited to specific reserve. Specific reserve expenditures of RMB41,267,914.76 were used for safety related projects for the year ended 31 December 2015 (2014: RMB17,194,530.60).

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(35) Surplus reserve

	31 December 2014	Current year additions	Current year reductions	31 December 2015
Statutory reserve	**249,625,789.74**	–	–	**249,625,789.74**

	31 December 2013	Current year additions	Current year reductions	31 December 2014
Statutory reserve	225,379,515.90	24,246,273.84	–	249,625,789.74

Pursuant to the PRC Company Law and the Company's Articles of Association, every year the Company is required to appropriate 10% of the profit after taxation to the statutory reserve until the balance reaches 50% of the share capital. Subject to the approval, such reserve can be used to offset against net losses or to increase share capital. The Company did not appropriate surplus reserve in 2015 due to the Company made net losses this year (2014: RMB24,246,273.84 based on 10% of net profit for 2014).

(36) (Accumulated losses)/undistributed profits

	2015	2014
Undistributed profits at the beginning of the year	**256,711,684.04**	203,196,020.03
Add: Net (loss)/profit attributable to the shareholders of the Company for the year	**(741,028,514.50)**	77,761,937.85
Less: Appropriation for statutory reserve	**–**	(24,246,273.84)
(Accumulated losses)/undistributed profits at the end of the year	**(484,316,830.46)**	256,711,684.04

Pursuant to the resolution of board meeting on 30 March 2016, the Company proposed no payment of final dividend for year ended 31 December 2015.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(37) Revenue and cost of sales

	2015	2014
Revenue from main operation	**2,602,435,360.13**	3,326,318,398.87
Revenue from other operation	**83,441,469.56**	66,105,567.32
	2,685,876,829.69	3,392,423,966.19

	2015	2014
Cost of sales from main operation	**2,849,365,865.18**	2,945,721,328.29
Cost of sales from other operation	**42,212,517.27**	36,290,137.23
	2,891,578,382.45	2,982,011,465.52

(a) Revenue and cost of sales from main operation

The Group is principally engaged in sales of nickel, copper and other non-ferrous metal products, all sales are conducted in the PRC.

	2015		2014	
	Revenue from main operation	Cost of sales from main operation	Revenue from main operation	Cost of sales from main operation
Copper cathode	**2,096,137,088.43**	**2,276,185,379.99**	1,554,837,944.16	1,493,418,920.85
Nickel cathode	**160,760,932.41**	**178,118,945.58**	1,541,848,898.06	1,213,197,320.25
Others	**345,537,339.29**	**395,061,539.61**	229,631,556.65	239,105,087.19
	2,602,435,360.13	**2,849,365,865.18**	3,326,318,398.87	2,945,721,328.29

(b) Revenue and cost of sales from other operation

	2015		2014	
	Revenue from other operation	Cost of sales from other operation	Revenue from other operation	Cost of sales from other operation
Sales of electricity	**19,768,614.04**	**18,840,415.53**	27,068,014.26	27,480,624.94
Scrap sales	**39,116,505.89**	**–**	27,644,807.79	25,441.03
Sales of materials	**11,059,686.37**	**11,916,812.92**	4,785,135.61	4,723,817.77
Supply of heating	**5,590,480.23**	**5,475,447.00**	1,256,843.54	1,253,417.02
Others	**7,906,183.03**	**5,979,841.82**	5,350,766.12	2,806,836.47
	83,441,469.56	**42,212,517.27**	66,105,567.32	36,290,137.23

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(38) Expenses by nature

Cost of sales, Selling and distribution expenses, General and administrative expenses in Income Statements by nature are shown as below:

	2015	2014
Raw materials and consumables used	**2,456,014,685.78**	2,820,459,925.79
Other overhead	**56,484,879.58**	55,541,035.23
Employee benefits	**355,608,580.12**	315,869,197.54
Depreciation *(Note 4(10))*	**288,754,696.98**	192,849,070.50
Sold-out provision for inventory devaluation *(Note 4(6)(c))*	**(20,077,735.37)**	(23,013,679.83)
Electricity costs	**198,135,392.87**	162,282,478.48
External labor costs	**204,765,684.54**	181,065,297.04
Taxation	**33,385,202.02**	27,189,538.52
Safety fund *(Note 4(34))*	**41,040,757.59**	15,682,543.04
Amortisation of intangible assets	**18,534,794.01**	18,095,244.41
Office expenses	**13,568,869.65**	16,207,110.03
Mineral resources compensation fee *(Note 4(41))*	**11,982,217.90**	14,510,346.20
Sewage charge *(Note 4(41))*	**9,693,759.67**	3,382,439.00
Comprehensive support service charge *(Note 4(41))*	**3,420,000.00**	3,420,000.00
Operating leases expenses	**3,197,722.69**	3,373,701.80
Auditor's Remuneration *(Note 4(41))*	**2,210,000.00**	2,180,000.00
– Auditing services	**2,180,000.00**	2,180,000.00
– Non-auditing services	**30,000.00**	–
Changes in inventories of work in progress, semi-finished goods and finished goods *(Note 4(6)(b))*	**(616,653,115.72)**	(701,200,032.09)
Others	**82,355,841.82**	74,795,065.95
	3,142,422,234.13	3,182,689,281.61

(39) Taxes and surcharges

	2015	2014	Tax base
City maintenance and construction tax	**3,895,181.20**	6,555,208.12	Note 3
Education surcharge	**3,895,961.62**	5,495,890.74	Note 3
Others	**310,547.83**	899,885.13	
	8,101,690.65	12,950,983.99	

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(40) Selling and administration expenses

	2015	2014
Transportation fee	**61,711,006.25**	38,020,467.05
Employee benefits	**2,882,790.49**	1,893,050.36
Travel and administrative expense	**307,469.84**	306,595.90
Depreciation	**162,532.15**	152,451.21
Others	**1,204,106.04**	2,364,502.89
	66,267,904.77	42,737,067.41

(41) General and administrative expenses

	2015	2014
Employee benefits	**79,507,916.91**	73,452,950.24
Depreciation and amortisation	**21,339,195.37**	15,002,581.71
Taxation	**20,509,999.65**	15,228,072.29
Mineral resources compensation fee	**11,982,217.90**	14,510,346.20
Office expense	**11,591,284.82**	12,526,812.33
Sewage charge	**9,693,759.67**	3,382,439.00
Professional services fee	**7,972,930.69**	6,558,661.30
Comprehensive support service charge	**3,420,000.00**	3,420,000.00
Operating leases expenses	**3,197,722.69**	3,373,701.80
Auditor's Remuneration	**2,210,000.00**	2,180,000.00
Others	**13,150,919.21**	8,305,183.81
	184,575,946.91	157,940,748.68

(42) Financial expenses – net

	2015	2014
Interest expense	**261,494,158.26**	294,351,042.64
Less: Capitalised interest expenses *(Note 4(12)(a))*	**(27,911,605.28)**	(126,097,234.04)
Less: Interest income on bank deposits	**(16,745,367.76)**	(9,614,411.01)
Interest on bills discounted	**5,846,511.75**	4,079,045.48
Bank charges	**8,242,627.27**	3,799,890.93
Unwinding of discount – net *(Note 4(25)/(29))*	**8,670,561.23**	3,419,551.58
Foreign exchange gains	**1,048,763.74**	(2,683,801.40)
	240,645,649.21	167,254,084.18

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(43) Assets impairment (losses)/reversal (Note 4(16))

	2015	2014
Provision for decline in value of inventories	**(298,180,246.49)**	(11,293,377.78)
Reversal of provision in value of inventories	**–**	13,496,972.50
Provision for bad debts for accounts receivable and other receivables	**(22,320.06)**	(329,794.62)
	(298,202,566.55)	1,873,800.10

(44) (Losses)/gains on the changes in fair value

	2015	2014
Losses on changes in fair value of gold lease and related future contracts *(Note 4(17)(a))*	**(1,182,232.45)**	–
(Losses)/gains on changes in fair value of futures contract *(Note 4(17)(b))*	**(93,000.00)**	7,459,800.00
	(1,275,232.45)	7,459,800.00

(45) Investment losses

	2015	2014
(Loss)/income from a joint-venture under equity method *(Note 4(9))*	**(13,792,143.69)**	7,589,100.90
Unrealised gains between the joint-venture and the Group	**6,685,237.10**	2,277,643.56
Income/(losses) resulted from closing out of future contracts *(Note 4(17)(b))*	**7,092,665.86**	(23,140,094.57)
	(14,240.73)	(13,273,350.11)

There is no significant restriction on recovery of investment income.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(46) Non-operating income

	2015	2014	Amount recognised in non-recurring profit or loss in 2015
Government grants *(a)*	**4,809,074.34**	6,227,745.40	4,809,074.34
Gains on disposal of fixed assets	**84,769.25**	272,472.05	84,769.25
Others	**2,396,757.72**	1,746,773.18	2,396,757.72
	7,290,601.31	8,246,990.63	7,290,601.31

(a) Details of government grants

	2015	2014	Related to assets/ income
Energy saving subsidies	**1,737,999.12**	1,451,497.94	Related to assets
Land compensation	**209,777.88**	209,777.88	Related to assets
Funds for infrastructure construction	**360,085.70**	180,042.85	Related to assets
Special funds for technological transformation	**92,222.18**	8,888.88	Related to assets
Mining equipment project	**22,581.28**	22,582.64	Related to assets
Sub-total *(Note 4(30))*	**2,422,666.16**	1,872,790.19	
Tax refunded-platinum	**710,831.62**	1,442,741.39	Related to income
Financial support of foreign trade	**421,800.00**	1,348,928.00	Related to income
Subsidies for social security	**235,176.56**	103,139.00	Related to income
Funds for patents	**100,000.00**	250,000.00	Related to income
SME development funds	**–**	200,000.00	Related to income
Funds for the strategic merging industry	**–**	450,000.00	Related to income
Talent recruitment project special funds	**–**	79,301.00	Related to income
Others	**918,600.00**	480,845.82	Related to income
Sub-total	**2,386,408.18**	4,354,955.21	
Total	**4,809,074.34**	6,227,745.40	

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(47) Non-operating expenses

	2015	2014	Amount recognised in non-recurring profit or loss in 2015
Penalties and fines	**556,674.02**	688,388.19	556,674.02
Donations	**513,761.00**	162,105.00	513,761.00
Losses on disposal of fixed assets	**94,024.05**	573,126.41	94,024.05
Others	**751,573.32**	566,340.09	751,573.32
	1,916,032.39	1,989,959.69	1,916,032.39

(48) Income tax (credit)/expenses

	2015	2014
Current income tax	**(972,069.70)**	19,448,742.92
Deferred income tax	**(55,308,127.88)**	(349,823.01)
	(56,280,197.58)	19,098,919.91

The reconciliation from income tax calculated based on the applicable tax rates and total (loss)/profit presented in the consolidated financial statements to the income tax expenses is listed below:

	2015	2014
Consolidated total (loss)/profit	**(999,410,215.11)**	31,846,897.34
Income tax (credit)/expenses calculated at applicable tax rate of 25%	**(249,852,553.78)**	7,961,724.34
Effect of tax reductions	**39,005,063.72**	(25,593,690.03)
Effect of change in the tax rates	**–**	(15,163,996.26)
Income not subject to tax	**(3,946.33)**	(1,525,585.86)
Expenses not deductible for tax purposes	**2,931,057.47**	2,285,379.04
Deductible temporary differences and deductible losses for which no deferred tax assets were recognised	**148,803,374.74**	47,502,014.19
Clearance differences in respect of prior years	**2,836,806.60**	3,633,074.49
	(56,280,197.58)	19,098,919.91

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(49) (Loss)/earnings per share

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing consolidated net (loss)/earnings for the current year attributable to shareholders of the Company by the weighted average number of ordinary shares in issue of the Company:

	2015	2014
Consolidated net (loss)/earnings attributable to shareholders of the Company	**(741,028,514.50)**	77,761,937.85
Weighted average number of ordinary shares in issue of the Company	**2,210,000,000.00**	2,210,000,000.00
Basic (loss)/earnings per share	**(0.335)**	0.035
Including		
– basic (loss)/earnings per share under going concern	**(0.335)**	0.035
– basic (loss)/earnings per share under discontinued operation	**–**	–

(b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share is calculated by dividing net (loss)/earnings attributable to shareholders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares in issue of the Company. As there were no dilutive potential ordinary shares in 2015 (2014: Nil), diluted (loss)/earnings per share equal to basic (loss)/earnings per share.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(50) Notes to consolidated cash flow statements

(a) Cash received relating to other operating activities

	2015	2014
Interest income	**16,734,732.57**	9,614,411.01
Government grants received	**2,386,408.18**	4,354,955.21
Others	**2,122,919.71**	4,676,294.27
	21,244,060.46	18,645,660.49

(b) Cash paid relating to other operating activities

	2015	2014
Restricted cash at banks	**77,575,863.97**	105,487,014.56
Transportation expenses	**74,823,451.08**	40,459,888.87
Office expenses	**13,568,869.65**	16,087,692.68
Professional service fee	**10,457,350.22**	8,738,661.30
Sewage charge	**10,164,597.67**	3,382,439.00
Bank charges	**8,242,627.27**	3,799,890.93
Comprehensive supporting services	**3,420,000.00**	3,420,000.00
Donations	**513,761.00**	162,105.00
Others	**8,540,920.42**	6,593,216.00
	207,307,441.28	188,130,908.34

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(51) Supplementary information of consolidated cash flow statement

(a) Reconciliation from consolidated net (loss)/profit to cash flows from operating activities

	2015	2014
Net (loss)/profit	**(943,130,017.53)**	12,747,977.43
Adjustment:		
Provisions/(reversal) for asset impairment *(Note 4(43))*	**298,202,566.55**	(1,873,800.10)
Losses/(gains) on the changes in fair value of financial liabilities at fair value through profit or loss *(Note 4(44))*	**1,275,232.45**	(7,459,800.00)
Depreciation of fixed assets *(Note 4(10))*	**288,754,696.98**	192,849,070.50
Amortisation of intangible assets *(Note 4(13))*	**18,534,794.01**	18,095,244.41
Losses on disposal of fixed assets	**9,254.80**	300,654.36
Increase in deferred tax assets *(Note 4(31))*	**(57,783,024.82)**	(879,896.69)
(Decrease)/increase in deferred tax liabilities *(Note 4(31))*	**(470,722.71)**	530,073.68
Amortisation of deferred income *(Note 4(30))*	**(2,422,666.16)**	(1,872,790.19)
Financial expenses *(Note 4(42))*	**247,308,031.29**	175,752,405.66
Amortisation of long-term prepaid expenses	**246,479.57**	246,136.17
Investment loss *(Note 4(45))*	**14,240.73**	13,273,350.11
Increase in inventories	**(322,005,648.94)**	(551,898,162.18)
Uitalisation of safety fund-net *(Note 4(34))*	**(227,157.17)**	(1,511,987.56)
Decrease in operating receivables	**189,443,196.41**	302,735,034.80
Increase in operating payables	**213,781,996.49**	626,736,940.62
Increase in restricted cash at banks	**(77,575,863.97)**	(105,487,014.56)
Net cash flows (used in)/generated from operating activities	**(146,044,612.02)**	672,283,436.46

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(51) Supplementary information of consolidated cash flow statement *(continued)*

(a) Reconciliation from consolidated net (loss)/profit to cash flows from operating activities *(continued)*

Movement of cash and cash equivalents

	2015	2014
Cash and cash equivalents at end of year *(b)*	**506,128,056.01**	558,623,508.86
Less: cash and cash equivalents at beginning of year	**(558,623,508.86)**	(577,907,940.25)
Net decrease in cash and cash equivalents	**(52,495,452.85)**	(19,284,431.39)

(b) Cash and cash equivalents

	31 December 2015	31 December 2014
Cash	**506,128,056.01**	558,623,508.86
Including: Cash on hand	**140,396.96**	116,386.79
Cash at bank	**505,987,659.05**	558,507,122.07
Cash and cash equivalents	**506,128,056.01**	558,623,508.86

5 CHANGES IN THE SCOPE OF CONSOLIDATION

(1) Changes in the scope of consolidation caused by other reason

As at 30 November 2015, the Company has completed the registration of termination of the Hami Lixin, the net assets of the Hami Lixin were RMB117,922.22 as at the date of termination; and from 1 January 2015 to the date of termination, the net loss of the Hami Lixin was RMB193,941.15.

6 EQUITY IN OTHER MAIN BODIES

(1) Investments in subsidiaries

(a) The constitutions of business combinations

Name of subsidiaries	Type of legal representative	The main premises	Place of registration	Nature of business	% equity interest held by the Group Direct	Indirect	Methods of investments
Mengxi Mining	Corporate legal representative	Hami, the PRC	Hami, the PRC	Mining	51%	–	Through establishment or investment
Wuxin Copper	Corporate legal representative	Fukang, the PRC	Fukang, the PRC	Smelting	66%	–	Through establishment or investment
Kalatongke Mining	Corporate legal representative	Fuyun, the PRC	Fuyun, the PRC	Mining and smelting	100%	–	Through establishment or investment
Beijing Xinding	Corporate legal representative	Beijing, the PRC	Beijing, the PRC	Research and Development	100%	–	Through establishment or investment
Xinjiang Yakesi	Corporate legal representative	Hami, the PRC	Hami, the PRC	Mining	99.51%	0.49%	Business combination not under common control
Hami Jubao	Corporate legal representative	Hami, the PRC	Hami, the PRC	Mining	75%	25%	Business combination not under common control
Zhongxin Mining	Corporate legal representative	Hami, the PRC	Hami, the PRC	Smelting	97.58%	–	Business combination not under common control
Shaanxi Xinxin	Corporate legal representative	Shangnan, the PRC	Shangnan, the PRC	Mining	51%	–	Business combination not under common control
Xinlin Chemical	Corporate legal representative	Fukang, the PRC	Fukang, the PRC	Investing in phosphate fertilizer, compound fertilizer and other chemical products	–	100%	Through establishment or investment

There is no significant restriction on using the Group's assets or paying off debt of the Group.

6 EQUITY IN OTHER MAIN BODIES *(CONTINUED)*

(1) Investments in subsidiaries *(continued)*

(b) Subsidiaries with non-controlling interests rights

Name of subsidiaries	% equity interest held by non-controlling shareholders	Amount of gains or losses attributed to non-controlling shareholders in 2015	Dividend declared/ allocated to non-controlling shareholders in 2015	Non-controlling interests 31 December 2015
Zhongxin Mining	2.42%	34,916.98	–	1,143,606.17
Shaanxi Xinxin	49.00%	(528,848.81)	–	73,594,518.28
Mengxi Mining	49.00%	57,390.24	–	2,064,768.51
Wuxin Copper	34.00%	(201,664,961.44)	–	6,116,941.58
		(202,101,503.03)	–	82,919,834.54

Main financial information of the above subsidiaries with significant non-controlling rights in 2015 is as follows:

	31 December 2015					
Name of subsidiaries	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total Liabilities
Zhongxin Mining	492,846,308.17	183,960,356.52	676,806,664.69	687,236,202.86	10,181,779.96	697,417,982.82
Shaanxi Xinxin	356,885.33	14,971,950.60	15,328,835.93	11,500,691.49	–	11,500,691.49
Mengxi Mining	9,696,313.36	–	9,696,313.36	5,482,500.06	–	5,482,500.06
Wuxin Copper	1,276,601,712.21	2,224,132,604.21	3,500,734,316.42	2,637,920,440.32	844,822,871.45	3,482,743,311.77

	31 December 2014					
Name of subsidiaries	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total Liabilities
Zhongxin Mining	188,156,913.74	180,727,821.28	368,884,735.02	353,065,889.95	8,915,557.84	361,981,447.79
Shaanxi Xinxin	385,243.59	14,815,935.00	15,201,178.59	10,293,750.86	–	10,293,750.86
Mengxi Mining	9,657,721.50	–	9,657,721.50	5,561,031.15	–	5,561,031.15
Wuxin Copper	2,087,346,247.18	2,258,040,818.42	4,345,387,065.60	2,473,376,875.32	1,260,886,946.10	3,734,263,821.42

6 EQUITY IN OTHER MAIN BODIES *(CONTINUED)*

(1) Investments in subsidiaries *(continued)*

(b) Subsidiaries with significant non-controlling interests rights *(continued)*

	In 2015			
Name of subsidiaries	**Revenue**	**Net (loss)/profit**	**Total comprehensive (losses)/income**	**Operating cash flow**
Zhongxin Mining	**347,624,603.33**	**(27,514,605.36)**	**(27,514,605.36)**	**8,123,291.31**
Shaanxi Xinxin	**–**	**(1,079,283.29)**	**(1,079,283.29)**	**(1,051,558.26)**
Mengxi Mining	**–**	**117,122.95**	**117,122.95**	**18,944.74**
Wuxin Copper	**2,101,011,197.92**	**(593,132,239.53)**	**(593,132,239.53)**	**325,245,981.59**

	In 2014			
Name of subsidiaries	Revenue	Net (loss)/profit	Total comprehensive (losses)/income	Operating cash flow
Zhongxin Mining	503,992,414.56	(26,639,832.72)	(26,639,832.72)	15,966,535.51
Shaanxi Xinxin	–	(1,651,589.74)	(1,651,589.74)	(1,457,867.20)
Mengxi Mining	–	213,876.22	213,876.22	529,462.22
Wuxin Copper	1,505,388,015.69	(188,557,364.19)	(188,557,364.19)	231,501,844.18

(2) Interests in joint-venture

(a) Basic information for important joint venture

Name of joint-venture	The main premise	Place of registration	Nature of business	Strategic effects to group operations	% equity interest held by the Group Direct	Indirect
Hexin Mining	Hami, the PRC	Hami, the PRC	Mining	Yes	50%	–

The Group adopted equity method for the above investment.

6 EQUITY IN OTHER MAIN BODIES *(CONTINUED)*

(2) Interests in joint-venture *(continued)*

(b) Key financial information of the joint venture

	31 December 2015	31 December 2014
Current assets	**102,203,334.20**	74,961,259.10
Including: cash and cash equivalents	**9,620,086.93**	10,627,662.36
Non-current assets	**478,264,035.21**	501,960,831.18
Total assets	**580,467,369.41**	576,922,090.28
Current liabilities	**(344,372,121.53)**	(266,242,555.02)
Non-current liabilities	**(41,000,000.00)**	(88,000,000.00)
Total liabilities	**(385,372,121.53)**	(354,242,555.02)
Shareholders' equity	**195,095,247.88**	222,679,535.26
Share of net assets *(i)*	**97,547,623.94**	111,339,767.63
Adjusting events		
– Goodwill	**44,668,386.35**	44,668,386.35
– Offset of unrealised gains	**(8,002,685.77)**	(2,277,643.56)
Book value of the investment of joint venture	**134,213,324.52**	156,008,153.98
Fair value of the joint venture in open market	**Not applicable**	Not applicable

	2015	2014
Revenue	**122,567,887.24**	180,946,704.82
Net (loss)/profit	**(27,584,287.38)**	15,178,201.80
Other comprehensive income	**–**	–
Total comprehensive (losses)/income	**(27,584,287.38)**	15,178,201.80
Dividends received from joint venture	**–**	–

(i) The Group, based on the amount assigned to the Company in the consolidated financial statements of joint venture calculates asset share in proportion to the number of shares owned. The amount in the consolidated financial statements of joint venture has taken the fair value of identifiable asset and liability of the investee joint venture into consideration.

7 SEGMENT INFORMATION

The Group are engaged in the mining, ore processing, smelting, refining and sales of nickel, copper and other non-ferrous metal products. Based on the Group's internal organisational structure, management requirements, internal reporting policies, and the segment reporting requirements stipulated by No. 3 Interpretation of CAS, management of the Group considers the Group itself is one operating segment.

For each of the years ended 31 December 2015 and 2014, the Group's sales were conducted in China and the Group's assets and liabilities were in China.

For the year ended 31 December 2015, revenue of top three customers of the Group accounted for 22%, 15% and 8% of the total revenue of the Group respectively (2014: 12%, 11% and 8%).

8 CONTINGENCIES

(1) Environmental contingencies

Historically, the Group has not incurred any significant expenditure for environmental remediation. Further, except as disclosed in Note 4(25), the Group is presently not involved in any other environmental remediations and has not accrued any other amounts for environmental remediation relating to its operations. Under existing legislations, management of the Company believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group. The PRC government, however, may move further towards the adoption of more stringent environmental standards.

Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include (i) the exact nature and extent of the contamination at various sites including, but not limited to mines and land development areas, whether operating, closed or sold; (ii) the extent of required cleanup efforts; (iii) varying costs of alternative remediation strategies; (iv) changes in environmental remediation requirements; and (v) the identification of new remediation sites. The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under future environmental legislations cannot reasonably be estimated at present, and could be material.

(2) Insurance

The Group carries commercial insurance for its employees who work underground for personal injury and its mining equipments underground. However, such insurance may not be sufficient to cover the potential future losses. While the effect of under-insurance on future incidents cannot be reasonably assessed at present, management of the Company believes this can have a material adverse impact on the results of operations or the financial position of the Group.

(3) Guarantee provided

Please refer to Note 9(5)(f).

9 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(1) Information of the parent company

(a) Information of the parent company

Name of company	Place of registration	Type of business
Xinjiang Non-ferrous Group	Urumqi, China	Mining, smelting and processing of non-ferrous and precious metals

The Company's ultimate controlling party is Xinjiang Non-ferrous Group, whose place of registration is Urumqi China.

(b) Registered capital and changes in registered capital of the parent company

Name of company	31 December 2014	Current year additions	Current year reductions	**31 December 2015**
Xinjiang Non-ferrous Group	1,441,525,444.00	–	–	**1,441,525,444.00**

(c) The proportion of equity interests and voting rights in the Company held by the parent company

Name of company	**31 December 2015 % interests held and % voting rights**	31 December 2014 % interests held and % voting rights
Xinjiang Non-ferrous Group	**40.06%**	40.06%

(2) Information of subsidiaries

Please refer to Note 6(1).

(3) Information of joint-venture

Please refer to Note 6(2).

9 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(CONTINUED)*

(4) Other related party information

Name of related parties	Relationship with the Group
Xinjiang Ashele Copper Industry Co., Ltd.	Associate of Xinjiang Non-ferrous Group
Fukang Juxin Industrial and Trade Co., Ltd.	Associate of Xinjiang Non-ferrous Group
Xinjiang Non-ferrous Industry Group Tianchi Mining Co., Ltd.	Associate of Xinjiang Non-ferrous Group
Hexin Mining	Joint venture
Xinjiang Haoxin Lithia Developing Co., Ltd.	Fellow subsidiary
China Non-ferrous Metal Import and Export Xinjiang Co., Ltd.	Fellow subsidiary
Xinjiang Non-ferrous Industry Group Precious Metal Co., Ltd.	Fellow subsidiary
Xinjiang Non-ferrous Metal Industrial Group Materials Co., Ltd.	Fellow subsidiary
Fukang Non-ferrous Development Co., Ltd.	Fellow subsidiary
Xinjiang Non-ferrous Metal Industry (Group) Fuyun Xingtong Service Co., Ltd.	Fellow subsidiary
Fuyun Hengsheng Beryllium Industry Co., Ltd.	Fellow subsidiary
Beijing Baodi Xindi Kemao Co., Ltd.	Fellow subsidiary
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	Fellow subsidiary
Xinjiang Dongsanhuan Trading Co., Ltd.	Fellow subsidiary
The Western Gold Hami Gold Mine Co., Ltd.	Fellow subsidiary
Xinjiang Zhanxin Fire Isulation Materials Co., Ltd.	Fellow subsidiary
Fukang Non-ferrous Property Management Co., Ltd.	Fellow subsidiary
Urumqi Tianshan Star Precious Metals Smelting Co., Ltd.	Fellow subsidiary
Xinjiang Non-ferrous Metals Company Hospital	Fellow subsidiary
Xinjiang Institute of Non-ferrous Metals	Fellow subsidiary

(5) Related party transactions

(a) Pricing policy of transactions with related party

The prices of sales to related parties, purchases from related parties, provision of services by related parties and lease of properties from related parties were based on market price or agreement price.

9 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(CONTINUED)*

(5) Related party transactions *(continued)*

(b) Purchases of materials from related parties

	2015	2014
Purchase of copper concentrate		
Xinjiang Ashele Copper Industry Co., Ltd.	**365,020,414.31**	164,362,377.56
China Non-ferrous Metal Import and Export Company Xinjiang Co., Ltd.	**60,741,837.27**	–
Hexin Mining	**38,139,382.94**	44,581,958.53
Purchase of nickel concentrate		
Hexin Mining	**84,050,392.65**	132,068,887.71
Purchase of raw materials, consumables and equipment		
Fukang Non-ferrous Development Co., Ltd.	**17,318,555.16**	12,107,848.84
Xinjiang Dongsanhuan Trading Co., Ltd.	**12,278,327.52**	28,189,630.58
Xinjiang Non-ferrous Metal Industrial Group Materials Co., Ltd.	**10,149,855.88**	66,283.33
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	**5,373,259.49**	357.00
Xinjiang Non-ferrous Metal Industry (Group) Fuyun Xingtong Service Co., Ltd.	**1,452,584.96**	3,570,515.20
Xinjiang Non-ferrous Metal Import and Export Xinjiang Co., Ltd.	**899,463.39**	–
The Western Gold Hami Gold Mine Co., Ltd.	**248,662.50**	229,223.93
Fukang Juxin Industrial and Trade Co., Ltd.	**136,902.56**	–
Xinjiang Non-ferrous Industry Group Precious Metal Co., Ltd.	**41,535.04**	16,654.36
Purchase of equipment parts		
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	**241,452.99**	2,063,339.14
China Non-ferrous Metal Import and Export Company Xinjiang Co., Ltd.	**–**	36,043,038.03
Xinjiang Non-ferrous Industry Group Precious Metal Co., Ltd.	**–**	537,996.01
Xinjiang Non-ferrous Metal Industrial Group Materials Co., Ltd.	**–**	60,777.77
Purchase of raw coal		
Fukang Non-ferrous Development Co., Ltd.	**2,559,417.74**	1,607,497.18
	598,652,044.40	425,506,385.17

9 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(CONTINUED)*

(5) Related party transactions *(continued)*

(c) Receiving of services from related parties

	2015	2014
Construction services		
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	**66,456,719.92**	103,476,333.28
China Non-ferrous Metal Import and Export Xinjiang Co., Ltd.	**2,610,530.00**	–
Fukang Non-ferrous Development Co., Ltd.	**–**	134,371.48
Transportation services		
Fukang Non-ferrous Development Co., Ltd.	**16,334,943.84**	27,771,509.87
Xinjiang Non-ferrous Metal Industry (Group) Fuyun Xingtong Service Co., Ltd.	**920,864.43**	1,373,752.25
Xinjiang Non-ferrous Metallurgy Transportation Co., Ltd. *(Note)*	**–**	7,081,615.73
Other services		
Fukang Non-ferrous Development Co., Ltd.	**3,524,517.09**	1,303,792.10
Xinjiang Non-ferrous Group	**1,483,463.32**	945,831.51
Xinjiang Non-ferrous Metal Industry (Group) Fuyun Xingtong Service Co., Ltd.	**833,662.24**	1,878,593.38
Fukang Non-ferrous Property Management Co., Ltd.	**422,932.25**	424,986.72
Xinjiang Non-ferrous Metals Company Hospital	**–**	142,205.00
Urumqi Tianshan Star Precious Metals Smelting Co., Ltd.	**–**	76,729.63
Xinjiang Institute of Non-ferrous Metals	**–**	60,556.60
Comprehensive supporting services		
Xinjiang Non-ferrous Metal Industry (Group) Fuyun Xingtong Service Co., Ltd.	**3,420,000.00**	3,420,000.00
Storage fee		
Beijing Baodi Xindi Kemao Co., Ltd.	**119,518.10**	1,278,726.76
Provision of heat		
Fukang Non-ferrous Development Co., Ltd.	**22,287.00**	34,560.96
	96,149,438.19	149,403,565.27

Note: Due to changes of controlling shareholders, Xinjiang Non-ferrous Metallurgy Transportation Co., Ltd. is not a related party of the Group now.

9 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(CONTINUED)*

(5) Related party transactions *(continued)*

(d) Sale of products to related parties

	2015	2014
China Non-ferrous Metal Import and Export Xinjiang Co., Ltd.	**50,578,212.63**	–
Fuyun Hengsheng Beryllium Industry Co., Ltd.	**10,297,933.27**	20,559,646.89
Xinjiang Dongsanhuan Trading Co., Ltd.	**3,394,732.62**	4,888,213.72
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	**91,066.99**	156,923.40
The Western Gold Hami Gold Mine Co., Ltd.	**6,490.26**	–
Xinjiang Non-ferrous Industry Group Precious Metal Co., Ltd.	**435.90**	–
Xinjiang Non-ferrous Metal Industrial Group Materials Co., Ltd.	**–**	1,116,380.77
Xinjiang Zhanxin Fire Isulation Materials Co., Ltd.	**–**	181,251.28
	64,368,871.67	26,902,416.06

(e) Leases

As lessor:

Name of lessee	Type of rental assets	Lease revenue recognized in 2015	Lease revenue recognized in 2014
Xinjiang Zhanxin Fire Isulation Materials Co., Ltd.	Land-use right	**43,020.00**	43,020.00
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	Equipment	**13,050.00**	–
Hexin Mining	Building	**8,333.00**	41,667.00
		64,403.00	84,687.00

9 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(CONTINUED)*

(5) Related party transactions *(continued)*

(e) Leases *(continued)*

As lessee:

Name of lessor	Type of rental assets	**Lease expense recognized in 2015**	Lease expense recognized in 2014
Xinjiang Non-ferrous Group	Building	**1,635,930.00**	1,635,930.00
Fukang Non-ferrous Development Co., Ltd.	Equipment	**18,000.00**	–
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	Equipment	**–**	11,250.00
		1,653,930.00	1,647,180.00

(f) Guarantee

As guarantor

Name of Company	Amount of bank loans guaranteed	Starting date	Ending date	Fulfilled or not
Hexin Mining	12,750,000.00	27/08/2014	25/08/2018	No
Hexin Mining	20,000,000.00	22/01/2014	21/01/2019	No
Hexin Mining	15,000,000.00	30/06/2015	29/06/2018	No
Hexin Mining	25,000,000.00	22/05/2015	12/05/2018	No
Hexin Mining	25,000,000.00	10/12/2015	10/12/2018	No
Hexin Mining	20,000,000.00	06/01/2015	06/01/2018	No
Hexin Mining	20,000,000.00	22/10/2015	22/10/2018	No
Hexin Mining	20,000,000.00	16/07/2015	16/07/2018	No
Hexin Mining	10,000,000.00	21/12/2015	17/06/2018	No
Total	167,750,000.00			

9 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(CONTINUED)*

(5) Related party transactions *(continued)*

(g) Loans provided to/(received from) a related party

	2015	2014
Loans provided to Hexin Mining	**90,000,000.00**	–
Loans received from Hexin Mining	**(60,000,000.00)**	–

(h) Loans received from/(repaid to) a related party

	2015	2014
Loans received from Xinjiang Non-ferrous Group	**345,000,000.00**	120,000,000.00
Loans repaid to Xinjiang Non-ferrous Group	**(90,000,000.00)**	(65,000,000.00)

(i) Interest arising from the loans provided by related party

	2015	2014
Xinjiang Non-ferrous Group	**3,236,712.33**	–

(j) Repayment of entrusted loans

	2015	2014
Xinjiang Non-ferrous Group	**–**	120,000,000.00

(k) Use of registered trademark

Pursuant to the trademark agreements with Xinjiang Non-ferrous Group, the Group has the right to use the registered trademark of "Bo Feng" at no cost from 1 September 2005 to 20 March 2019.

(l) Remuneration of key management

	2015	2014
Remuneration of key management	**5,089,521.25**	4,656,041.44

9 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(CONTINUED)*

(5) Related party transactions *(continued)*

(m) Directors, supervisors and chief executive officer's emoluments

Directors, supervisors and chief executive officer's emoluments for the year ended 31 December 2015 are as follows:

Name	Emoluments for providing services as directors Fee	Salary and allowance	Pension	Emoluments for managing company or providing other services	Total
Directors:					
Shi Wenfeng	–	589,985.81	19,077.60	–	609,063.41
Lu Xiaoping	–	516,683.12	28,994.40	–	545,677.52
Zhang Guohua[(i)]	–	414,034.00	6,870.60	–	420,904.60
Guo Quan[(ii)]	–	312,076.24	24,414.00	–	336,490.24
Li Wing Sum, Steven	108,911.40	–	–	–	108,911.40
Chen Jianguo	70,000.00	–	–	–	70,000.00
Wang Lijin	70,000.00	–	–	–	70,000.00
Supervisors:					
Wang Haibang	–	428,432.90	28,994.40	–	457,427.30
Sun Baohui	–	–	–	197,801.39	197,801.39
Hu Zhijiang	40,000.00	–	–	–	40,000.00
Yao Wenying[(iii)]	26,666.67	–	–	–	26,666.67
Senior management:					
Lin Zhuohui	–	600,000.00	13,735.00	–	613,735.00
He Hongfeng	–	542,355.44	28,994.40	–	571,349.84
Zhang Junjie	–	467,255.44	28,994.40	–	496,249.84
Liu Jun	–	247,645.44	24,414.00	–	272,059.44
Wu Tao	–	246,314.00	6,870.60	–	253,184.60
Total	315,578.07	4,364,782.39	211,,359.40	197,801.39	5,089,521.25

(i) Resigned as director on 3 March 2015.
(ii) Appointed as director on 22 May 2015.
(iii) Appointed as supervisor on 22 May 2015.

9 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(CONTINUED)*

(5) Related party transactions *(continued)*

(m) Directors, supervisors and chief executive officer's emoluments *(continued)*

Directors, supervisors and chief executive officer's emoluments for the year ended 31 December 2014 are as follows:

Name	Emoluments for providing services as directors Fee	Salary and allowance	Pension	Emoluments for managing company or providing other services	Total
Directors:					
Yuan Ze[i]	–	366,686.67	–	–	366,686.67
Shi Wenfeng	–	512,440.00	26,650.00	–	539,090.00
Zhang Guohua	–	512,440.00	26,650.00	–	539,090.00
Lu Xiaoping[ii]	–	258,446.000	20,403.60	–	278,849.60
Li Wing Sum, Steven	102,381.50	–	–	–	102,381.50
Chen Jianguo	70,000.00	–	–	–	70,000.00
Wang Lijin	70,000.00	–	–	–	70,000.00
Supervisors:					
Sun Baohui	–	–	–	291,710.00	291,710.00
Wang Haibang	–	369,842.00	26,650.00	–	396,492.00
Hu Zhijiang	40,000.00	–	–	–	40,000.00
Chen Yuping[iii]	36,666.67	–	–	–	36,666.67
Senior management:					
Lin Zhuohui	–	600,000.00	13,400.00	–	613,400.00
Zhang Junjie	–	410,575.00	26,650.00	–	437,225.00
Wu Tao	–	410,575.00	26,650.00	–	437,225.00
He Hongfeng	–	410,575.00	26,650.00	–	437,225.00
Total	319,048.17	3,851,579.67	193,703.60	291,710.00	4,656,041.44

(i) Resigned as director on 5 August 2014.
(ii) Appointed as director on 23 May 2014.
(iii) Resigned as supervisor on 11 November 2014.

9 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(CONTINUED)*

(5) Related party transactions *(continued)*

(m) Directors, supervisors and chief executive officer's emoluments *(continued)*

The five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year of 2015 included two directors (2014: two directors) whose emoluments were reflected in the analysis presented above. The emoluments payable to the remaining three (2014: three) individuals during the year are as follows:

	2015	2014
Basic salaries, bonus, housing allowance, other allowances in kind	**1,609,610.88**	1,421,150.00
Pension	**71,723.80**	66,700.00
	1,681,334.68	1,487,850.00

	Number of individuals	
	2015	2014
Emolument bands:		
HKD0 – 1,000,000 (approximately RMB0 – 837,780)	**3**	3

(6) Receivables from and payables to related parties

Receivables from related parties:

(a) Accounts receivable *(Note 4(3)(b))*

	31 December 2015		31 December 2014	
	Ending balance	**Provision for bad debts**	Ending balance	Provision for bad debts
Fuyun Hengsheng Beryllium Industry Co., Ltd.	**1,187,810.20**	**(1,155,416.10)**	1,187,810.20	(1,155,416.10)
Xinjiang Haoxin Lithia Developing Co., Ltd.	**301,201.70**	**(301,201.70)**	301,201.70	(301,201.70)
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	**–**	**–**	964,058.72	–
Xinjiang Dongsanhuan Trading Co., Ltd.	**–**	**–**	896,825.26	–
Xinjiang Zhanxin Fire Isulation Materials Co., Ltd.	**–**	**–**	86,660.00	–
	1,489,011.90	**(1,456,617.80)**	3,436,555.88	(1,456,617.80)

9 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(CONTINUED)*

(6) Receivables from and payables to related parties *(continued)*

Receivables from related parties: *(continued)*

(b) Other receivables *(Note 4(4)(b))*

	31 December 2015		31 December 2014	
	Ending balance	**Provision for bad debts**	Ending balance	Provision for bad debts
Hexin Mining	**32,660,375.90**	**–**	2,702,042.90	–
Fuyun Hengsheng Beryllium Industry Co., Ltd.	**563,601.14**	**–**	–	–
Xinjiang Zhanxin Fire Isulation Materials Co., Ltd.	**78,870.00**	**–**	35,850.00	–
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	**13,050.00**	**–**	1,780.51	–
	33,315,897.04	**–**	2,739,673.41	–

(c) Advances to suppliers

	31 December 2015		31 December 2014	
	Ending balance	**Provision for bad debts**	Ending balance	Provision for bad debts
Xinjiang Ashele Copper Industry Co., Ltd.	**2,925,868.40**	**–**	32,549,653.78	–
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	**1,791,402.70**	**–**	157,390.60	–
Xinjiang Non-ferrous Metal Industry (Group) Fuyun Xingtong Service Co., Ltd.	**10,239.00**	**–**	–	–
	4,727,510.10	**–**	32,707,044.38	–

9 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(CONTINUED)*

(6) Receivables from and payables to related parties *(continued)*

Payables to related parties:

(d) Accounts payable

	31 December 2015	31 December 2014
China Non-ferrous Metal Import and Export Xinjiang Co., Ltd.	**33,123,437.86**	1,536,873.50
Hexin Mining	**32,121,469.87**	28,780,411.25
Fukang Non-ferrous Development Co., Ltd.	**15,683,851.38**	10,440,934.98
Xinjiang Dongsanhuan Trading Co., Ltd.	**7,720,948.05**	7,572,536.80
Xinjiang Non-ferrous Metal Industrial Materials (Group) Co., Ltd.	**6,850,382.02**	17,047.00
Xinjiang Non-ferrous Metal Industry (Group) Fuyun Xingtong Service Co., Ltd.	**2,899,409.91**	3,122,499.24
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	**2,774,469.74**	12,672.00
The Western Gold Hami Gold Mine Co., Ltd.	**519,172.05**	278,103.15
Fukang Non-ferrous Property Management Co., Ltd.	**183,158.56**	115,846.71
Fukang Juxin Industrial and Trade Co.,Ltd.	**151,771.02**	–
Beijing Baodi Xindi Kemao Co., Ltd.	**119,518.10**	–
Xinjiang Non-ferrous Industry Group Precious Metal Co., Ltd.	**98,051.33**	249,455.33
Xinjiang Non-ferrous Metal Industry Group Tianchi Mining Co., Ltd.	**88,892.40**	88,892.40
Xinjiang Non-ferrous Metallurgy Transportation Co., Ltd. *(Note)*	**–**	1,609,462.98
Xinjiang Non-ferrous Geological Engineering Co., Ltd.	**–**	15,000.00
Xinjiang Non-ferrous Metals Company Hospital	**–**	1,800.00
	102,334,532.29	53,841,535.34

Note: Due to changes of controlling shareholders, Xinjiang Non-ferrous Metallurgy Transportation Co., Ltd. is not a related party of the Group.

9 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(CONTINUED)*

(6) Receivables from and payables to related parties *(continued)*

Payables to related parties: *(continued)*

(e) Other payables *(Note 4(24))*

	31 December 2015	31 December 2014
Xinjiang Non-ferrous Group	**278,236,712.33**	55,000,000.00
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	**79,270,956.08**	88,883,432.48
China Non-ferrous Metal Import and Export Xinjiang Co., Ltd.	**4,836,530.00**	2,226,000.00
Xinjiang Non-ferrous Industry Group Precious Metal Co., Ltd.	**302,168.40**	302,678.40
Fukang Non-ferrous Development Co., Ltd.	**150,000.00**	100,905.91
Xinjiang Dongsanhuan Trading Co., Ltd.	**100,000.00**	–
Hexin Mining	**78,847.20**	–
Xinjiang Non-ferrous Metallurgy Transportation Co., Ltd.	**–**	199,500.00
Fukang Non-ferrous Property Management Co., Ltd.	**–**	156.40
	362,975,214.01	146,712,673.19

(f) Advances from customers

	31 December 2015	31 December 2014
Xinjiang Dongsanhuan Trading Co., Ltd.	**68,620.69**	–
Fuyun Hengsheng Beryllium Industry Co., Ltd.	**10,483.98**	5,603.51
	79,104.67	5,603.51

(g) Long-term payables *(Note 4(29))*

	31 December 2015	31 December 2014
Xinjiang Non-ferrous Group	**85,000,000.00**	50,000,000.00

9 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(CONTINUED)*

(7) Commitments in relation to related parties

The commitments in relation to related parties contracted for but not yet necessary to be recognised on the balance sheet by the Group as at the balance sheet dates are as follows:

		31 December 2015	31 December 2014
– As lessee	Xinjiang Non-ferrous Group	**4,907,790.00**	1,635,930.00
– As lessor	Xinjiang Zhanxin Fire Isulation Materials Co., Ltd.	**129,060.00**	43,020.00

10 COMMITMENTS

(1) Capital commitments

As at 31 December 2015 and 31 December 2014, the Group has no capital expenditures contracted for but not yet necessary to be recognised on the balance sheet.

(2) Operating lease commitments

The future minimum lease payments due under the signed irrevocable operating leases contracts are summarised as follows:

	31 December 2015	31 December 2014
Within one year	**1,635,930.00**	1,635,930.00
Between one and two years	**1,635,930.00**	–
Between two and three years	**1,635,930.00**	–
	4,907,790.00	1,635,930.00

11 EVENTS AFTER THE BALANCE SHEET DATE

On 28 March 2016, the Company signed the Equity Transfer Agreement with Xinjiang Non-ferrous Group in respect of the disposal of 66% equity interest in Wuxin Copper at a consideration of the higher of RMB12,000,000.00 or the value based on the audited net assets of Wuxin Copper as at 31 December 2015.

This above-mentioned equity transfer was approved by the board of directors on 28 March 2016, and will take effect after approved by the general meeting of shareholders.

12 LEASES

The Group didn’t own fixed assets under finance leases.

13 FINANCIAL INSTRUMENT AND RISK

The Group's activities expose it to a variety of financial risks: market risk (primarily interest rate risk), credit risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(1) Market risk

(a) Foreign exchange risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. The Group is exposed to foreign exchange risk arising from the recognised assets and liabilities. The Group's finance department at its headquarters is responsible for monitoring the amount of assets and liabilities, and transactions denominated in foreign currencies. The Group may consider entering into forward exchange contracts or currency swap contracts to mitigate the foreign exchange risk. For year ended 31 December 2015 and 2014, the Group did not enter into any forward exchange contracts or currency swap contracts.

As at 31 December 2015 and 31 December 2014, the Group did not have assets or liabilities denominated in foreign currencies.

(b) Interest rate risk

The Group's interest rate risk mainly arises from bank loans and interest-bearing long-term borrowings. Bank deposits and loans at variable rate expose the Group to cash flow interest rate risk. The Group adjusts the relative proportion of contracts at fixed rate and contracts at floating rate based on market situation. As at 31 December 2015, the Group's interest bearing debts were mainly floating rate borrowings, fixed rate borrowings and interest bearing bond payable denominated in RMB, which totalled RMB4,847,638,579.47 (31 December 2014: RMB4,405,165,658.95), of which floating rate borrowings are RMB1,640,760,000.00, fixed rate borrowings are RMB1,906,878,579.47 and interest-bearing bond payable are RMB1,300,000,000.00 respectively (31 December 2014: RMB1,916,483,988.95, RMB1,988,681,670.00, RMB500,000,000.00) (Note 4(17), (27), (28)).

The Group analyses its interest rate exposure on a dynamic basis. The rise in interest rates would increase the cost of the new interest-bearing debts and unpaid floating interest-bearing debt, and would bring a negative effect to the Group operation results. The Group may manage its interest risk by using floating-to-fixed interest rate swap based on the latest market condition. During 2015 and 2014, there is no interest swap exists.

As at 31 December 2015, if annual interest rates had been 10% lower/higher with all other variables held constant, net loss would have decreased/increased by RMB6,566,206.37 (31 December 2014: net profit increased/decreased RMB4,127,311.83).

13 FINANCIAL INSTRUMENT AND RISK *(CONTINUED)*

(1) Market risk *(continued)*

(c) Concentration risk

Revenues are principally derived from sales of nickel cathode and copper cathode. Approximately 45% of the total sales for the year ended 31 December 2015 (2014: 31%) were contributed by the top three customers for which the Group has not entered into any long-term sales contracts with them. In the event that these major customers terminate the business relationship with the Group and the Group fails to find new customers, it may have a material adverse impact on the Group's financial position and results of operations.

(2) Credit risk

Credit risk is managed on a Group basis. Credit risk mainly arises from cash at bank and on hand, accounts receivable, other receivables, and notes receivable etc.

The Group expects that there is no significant credit risk associated with cash at bank since they are deposited at state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

In addition, the Group has policies to limit the credit exposure on accounts receivable, other receivables and notes receivable. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

(3) Liquidity risk

Cash flow forecasting was performed by each subsidiary of the Group and aggregated by the Group's finance department in its headquarters. The Group's finance department at its headquarters monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institution so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

13 FINANCIAL INSTRUMENT AND RISK *(CONTINUED)*

(3) Liquidity risk *(continued)*

The financial liabilities of the Group at the balance sheet date are analysed by their maturity date below at their undiscounted contractual cash flows:

	31 December 2015				
	Within 1 year	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	**Total**
Financial liabilities at fair value through profit or loss	**411,967,249.66**	**–**	**–**	**–**	**411,967,249.66**
Accounts payable	**582,629,071.73**	**–**	**–**	**–**	**582,629,071.73**
Interest payable	**41,946,753.91**	**–**	**–**	**–**	**41,946,753.91**
Short-term borrowings	**1,545,366,698.18**	**–**	**–**	**–**	**1,545,366,698.18**
Long-term borrowings	**668,332,591.24**	**423,792,779.18**	**702,825,023.83**	**71,112,315.83**	**1,866,062,710.08**
Long-term payable	**–**	**20,000,000.00**	**65,000,000.00**	**–**	**85,000,000.00**
Bond payable	**87,600,000.00**	**556,876,712.33**	**845,019,178.08**	**–**	**1,489,495,890.41**
Notes payable	**748,410,000.00**	**–**	**–**	**–**	**748,410,000.00**
Other payables	**638,349,740.33**	**–**	**–**	**–**	**638,349,740.33**
	4,724,602,105.05	**1,000,669,491.51**	**1,612,844,201.91**	**71,112,315.83**	**7,409,228,114.30**

	31 December 2014				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial liabilities at fair value through profit or loss	665,228,432.32	–	–	–	665,228,432.32
Accounts payable	514,075,601.30	–	–	–	514,075,601.30
Interest payable	36,414,233.64	–	–	–	36,414,233.64
Short-term borrowings	1,162,318,681.04	–	–	–	1,162,318,681.04
Long-term borrowings	626,419,484.46	660,774,819.05	964,266,946.98	219,202,988.48	2,470,664,238.97
Long-term payable	–	50,000,000.00	–	–	50,000,000.00
Bond payable	35,600,000.00	35,600,000.00	535,600,000.00	–	606,800,000.00
Notes payable	536,675,669.66	–	–	–	536,675,669.66
Other payables	466,781,074.54	–	–	–	466,781,074.54
	4,043,513,176.96	746,374,819.05	1,499,866,946.98	219,202,988.48	6,508,957,931.47

13 FINANCIAL INSTRUMENT AND RISK *(CONTINUED)*

(3) Liquidity risk *(continued)*

Bank and other borrowings are analysed by repayment terms as follows:

	31 December 2015		31 December 2014	
	Bank borrowings	**Other borrowings**	Bank borrowings	Other borrowings
Within 1 year	**2,076,000,000.00**	**–**	1,618,520,000.00	–
1 to 2 years	**363,400,000.00**	**20,000,000.00**	566,000,000.00	50,000,000.00
2 to 5 years	**637,360,000.00**	**65,000,000.00**	862,950,000.00	–
Over 5 years	**68,000,000.00**	**–**	206,513,988.95	–
	3,144,760,000.00	**85,000,000.00**	3,253,983,988.95	50,000,000.00

14 FAIR VALUE ESTIMATION

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

14 FAIR VALUE ESTIMATION *(CONTINUED)*

(1) Financial instruments continuingly and subsequently measured at fair value

As at 31 December 2015, assets and liabilities continuingly measured at fair value based on the above three levels are listed as follows:

	Level 1	**Level 2**	**Level 3**	**Total**
Financial liabilities –				
Standard future contracts	**(155,000.00)**	**–**	**–**	**(155,000.00)**
Gold leasing and corresponding future contracts	**(404,060,811.92)**	**–**	**–**	**(404,060,811.92)**
	(404,215,811.92)	**–**	**–**	**(404,215,811.92)**

As at 31 December 2014,assets and liabilities continuingly measured at fair value based on the above three levels are listed as follows:

	Level 1	Level 2	Level 3	Total
Financial assets –				
Available-for-sale financial assets –				
Financial products	–	8,000,000.00	–	8,000,000.00
Financial liabilities –				
Standard future contracts	(62,000.00)	–	–	(62,000.00)
Gold leasing and corresponding future contracts	(651,181,670.00)	–	–	(651,181,670.00)
	(651,243,670.00)	8,000,000.00	–	(643,243,670.00)

The Group confirms its converting point based on the date of occurrence of the leading matters. No conversion exists between first level and second level.

Where there is no active market for a financial instrument, the Company adopts value appraisal techniques to determine its fair value. The appraisal technique is the bank market quotation.

(2) The Group does not have financial instruments not continuingly measured at fair value subsequently.

(3) Financial asseets and liabilities not subsequently measured at fair value but subject to disclosure of fair value

The financial assets and liabilities measured at amortised cost mainly include: account receivables, short-term borrowings, accounts payable, long-term borrowings, bond payable and long term payables.

15 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including short-term, borrowings long-term borrowing, bond payable and long-term payables) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

For the year ended 31 December 2015, the Group's strategy on capital management was to maintain the gearing ratio within 20% to 60%, which was the same as prior year. The gearing ratios at 31 December 2015 and 2014 were as follows:

	31 December 2015	31 December 2014
Total borrowings		
Short-term borrowings	**1,500,000,000.00**	1,116,500,000.00
Long-term borrowings	**1,068,760,000.00**	1,635,463,988.95
Bond payable	**1,300,000,000.00**	500,000,000.00
Long-term payables	**76,341,874.43**	45,815,570.76
Current portion of non-current liabilities	**576,000,000.00**	502,020,000.00
Financial liabilities measured at fair value through profit and loss	**404,060,811.92**	651,181,670.00
	4,925,162,686.35	4,450,981,229.71
Less: cash and cash equivalents	**(506,128,056.01)**	(558,623,508.86)
Net debt *(a)*	**4,419,034,630.34**	3,892,357,720.85
Total equity *(b)*	**4,664,320,510.26**	5,598,840,826.01
Total capital *(c) = (a) + (b)*	**9,083,355,140.60**	9,491,198,546.86
Gearing ratio *(a)/(c)*	**48.65%**	41.01%

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

(1) Cash at bank and on hand

	31 December 2015	31 December 2014
Cash on hand	**88,975.14**	18,270.20
Cash at bank	**72,706,898.34**	392,420,097.27
Restricted cash at banks *(a)*	**87,265,880.97**	5,571,330.93
	160,061,754.45	398,009,698.40

(a) Restricted cash at bank are shown as follows:

	31 December 2015	31 December 2014
Deposits for issue of bank acceptance notes	**86,694,550.04**	5,000,000.00
Deposits for environmental recovery and safety of production	**571,330.93**	571,330.93
	87,265,880.97	5,571,330.93

(2) Notes receivable

	31 December 2015	31 December 2014
Bank acceptance notes	**41,880,068.20**	228,980,597.49

(3) Accounts receivable

	31 December 2015	31 December 2014
Accounts receivable	**81,179,260.59**	20,078,497.62
Less: provision for bad debts	**(3,926,714.00)**	(3,904,393.94)
	77,252,546.59	16,174,103.68

The Company conducted sales transactions mainly through cash on delivery, cash receipts in advance or bank acceptance notes. For other sales transactions, credit terms were granted not exceeding 180 days.

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(CONTINUED)*

(3) Accounts receivable *(continued)*

(a) The ageing of accounts receivable and provision for bad debts are analysed as follows:

	31 December 2015	31 December 2014
Within 1 year	**68,469,852.73**	16,122,023.54
1 to 2 years	**8,752,933.78**	74,400.20
2 to 3 years	**74,400.20**	–
3 to 4 years	**–**	768,686.40
4 to 5 years	**768,686.40**	192,954.70
Over 5 years	**3,113,387.48**	2,920,432.78
	81,179,260.59	20,078,497.62

As at 31 December 2015, accounts receivable of RMB29,544,507.12 (31 December 2014: RMB191,523.72) were past due but not impaired. Based on the analysis of the customer's financial situation and credit record, the Company believes that this part of accounts receivable can be recovered. The ageing of such accounts receivable is analysed as follows:

	31 December 2015	31 December 2014
Within 1 year	**27,529,338.16**	191,523.72
1 to 2 years	**2,015,168.96**	–
	29,544,507.12	191,523.72

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(CONTINUED)*

(3) Accounts receivable *(continued)*

(b) Accounts receivable by categories are analysed as follows:

	31 December 2015				31 December 2014			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
With amounts that are individually significant and that the related provision for bad debts is provided on the individual basis	–	–	–	–	–	–	–	–
That the related provision for bad debts is provided on the grouping basis								
– Related Party Group	13,359,457.83	16.46%	(1,456,617.80)	10.90%	8,472,566.34	42.20%	(1,456,617.80)	17.19%
– Ageing Group	67,819,802.76	83.54%	(2,470,096.20)	3.64%	11,605,931.28	57.80%	(2,447,776.14)	21.09%
With amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis	–	–	–	–	–	–	–	–
	81,179,260.59	100.00%	(3,926,714.00)		20,078,497.62	100.00%	(3,904,393.94)	

(c) The groups of accounts receivable used ageing analysis method for the purpose of bad debt provision assessment are analysed as follows:

	31 December 2015			31 December 2014		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Amount	Ratio	Amount	Amount	Ratio
Within 1 year	63,304,777.52	–	–	9,106,075.00	–	–
1 to 2 years	2,015,168.96	–	–	74,400.20	(22,320.06)	30.00%
2 to 3 years	74,400.20	(44,640.12)	60.00%	–	–	–
3 to 4 years	–	–	–	–	–	–
4 to 5 years	–	–	–	192,954.70	(192,954.70)	100.00%
Over 5 years	2,425,456.08	(2,425,456.08)	100.00%	2,232,501.38	(2,232,501.38)	100.00%
	67,819,802.76	(2,470,096.20)		11,605,931.28	(2,447,776.14)	

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(CONTINUED)*

(3) Accounts receivable *(continued)*

(d) As at 31 December 2015, the top five accounts receivable are analysed as follows:

	Amount	Provision for bad debts	% of account receivable
Total amount of the top five accounts receivable	67,196,849.68	–	82.78%

(e) As at 31 December 2015, the accounts receivable that relate to the provision for bad debts was RMB22,320.06, no provision was collected or reversed.

(f) There were no accounts receivables written off in current year.

(g) There were no accounts receivable derecognised due to transfer of financial assets.

(h) As at 31 December 2015 and 31 December 2014, there were no accounts receivable pledged for obtaining the loan.

(4) Other receivables

	31 December 2015	31 December 2014
Amount due from subsidiaries *(Note)*	**113,493,212.36**	286,142,317.32
Amount due from a joint-venture	**32,656,620.00**	2,656,620.00
Deposits for Pricing options	**13,500,000.00**	–
Cash advance	**569,782.36**	648,995.26
Others	**733,124.71**	935,937.13
	160,952,739.43	290,383,869.71
Less: provision for bad debts	**(6,275.21)**	(6,275.21)
	160,946,464.22	290,377,594.50

Note: The amount due from Xinjiang Yakesi was RMB109,294,801.03. The amount due from Shaanxi Xinxin was RMB4,050,883.33.The amount due from Wuxin Copper was RMB147,528.00.

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(CONTINUED)*

(4) Other receivables *(continued)*

(a) Other receivables ageing and provision for bad debts are analysed as follows:

	31 December 2015	31 December 2014
Within 1 year	**154,535,710.21**	285,022,151.82
1 to 2 years	**1,175,683.33**	885,372.00
2 to 3 years	**765,000.00**	1,228,500.00
3 to 4 years	**1,228,500.00**	542,500.00
4 to 5 years	**542,500.00**	–
Over 5 years	**2,705,345.89**	2,705,345.89
	160,952,739.43	290,383,869.71

As at 31 December 2015, other receivables of RMB2,869,870.68 (31 December 2014: RMB64,937.06) were past due but not impaired. Based on the analysis of the customer's financial situation and credit record, the Company believes that this part of accounts receivable can be recovered. The ageing of such accounts receivable is analysed as follows:

	31 December 2015	31 December 2014
Within 1 year	**–**	–
1 to 2 years	**108,300.00**	2,437.06
2 to 3 years	**–**	30,000.00
3 to 4 years	**30,000.00**	32,500.00
4 to 5 years	**32,500.00**	–
Over 5 years	**2,699,070.68**	–
	2,869,870.68	64,937.06

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(CONTINUED)*

(4) Other receivables *(continued)*

(b) Other accounts receivable by categories are analysed as follows:

	31 December 2015				31 December 2014			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
With amounts that are individually significant and that the related provision for bad debts is provided on the individual basis	–	–	–	–	–	–	–	–
That the related provision for bad debts is provided on the grouping basis								
– Related party group	146,228,702.36	90.85%	–	–	288,798,937.32	99.45%	–	–
– Ageing group	14,724,037.07	9.15%	(6,275.21)	0.04%	1,584,932.39	0.55%	(6,275.21)	0.40%
With amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis	–	–	–	–	–	–	–	–
	160,952,739.43	100.00%	(6,275.21)		290,383,869.71	100.00%	(6,275.21)	

(c) The groups of other receivables used ageing analysis method for the purpose of bad debt provision assessment are analysed as follows:

	31 December 2015			31 December 2014		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Amount	Ratio	Amount	Amount	Ratio
Within 1 year	14,504,511.18	–	–	1,470,969.44	–	–
1 to 2 years	108,000.00	–	–	2,437.06	–	–
2 to 3 years	–	–	–	30,000.00	–	–
3 to 4 years	30,000.00	–	–	32,500.00	–	–
4 to 5 years	32,500.00	–	–	–	–	–
Over 5 years	49,025.89	(6,275.21)	12.80%	49,025.89	(6,275.21)	12.80%
	14,724,037.07	(6,275.21)		1,584,932.39	(6,275.21)	

(d) There were no provision for bad debts of other receivables provided, collected or reversed.

(e) There were no other receivables written off in current year.

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(CONTINUED)*

(4) Other receivables *(continued)*

(f) As at 31 December 2015, the top five other receivables are analysed as follows:

	Nature	Amount	Ageing	% of total balance	Provision for bad debts
Xinjiang Yakesi	Amount due from subsidiaries	109,294,801.03	Within 1 year	67.90%	–
Hexin Mining	Loan	32,656,620.00	Within 2 years, over 5 years	20.29%	–
Trafigura Investment (China) Co., Ltd.	Deposit for pricing options	13,500,000.00	Within 1 year	8.39%	–
Shaanxi Xinxin	Amount due from subsidiaries	4,050,883.33	Within 5 years	2.52%	–
Fukang Nickel Copper Cobalt Hydrometallugrical Refining Engineering Technology Research Institute	Money advanced	100,000.00	Within 1 year	0.06%	–
		159,602,304.36		99.16%	–

(5) Advances to suppliers

The ageing of advances to suppliers is analysed as follows:

	31 December 2015		31 December 2014	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	**723,541,309.73**	**99.68%**	423,883,250.12	99.43%
1 to 2 years	**309,571.95**	**0.04%**	372,807.87	0.09%
2 to 3 years	**367,599.87**	**0.05%**	369,051.63	0.09%
Over 3 years	**1,667,799.10**	**0.23%**	1,660,602.42	0.39%
	725,886,280.65	**100.00%**	426,285,712.04	100.00%

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(CONTINUED)*

(6) Inventories

	31 December 2015			31 December 2014		
	Ending balance	**Provision for declines in value of inventories**	**Carrying amount**	Ending balance	Provision for declines in value of inventories	Carrying amount
Raw materials	**53,984,473.74**	**(1,225,787.98)**	**52,758,685.76**	65,767,687.93	(543,427.80)	65,224,260.13
Work in progress	**159,298,356.06**	**–**	**159,298,356.06**	190,242,630.92	–	190,242,630.92
Semi-finished goods	**310,020,421.43**	**(34,549,731.16)**	**275,470,690.27**	421,157,153.96	–	421,157,153.96
Finished goods	**1,257,168,423.64**	**(229,710,892.50)**	**1,027,457,531.14**	436,001,234.30	–	436,001,234.30
	1,780,471,674.87	**(265,486,411.64)**	**1,514,985,263.23**	1,113,168,707.11	(543,427.80)	1,112,625,279.31

(7) Other current assets

	31 December 2015	31 December 2014
Deductible VAT	**148,460,902.97**	55,386,624.66
Prepaid of income tax	**14,501,117.74**	11,044,805.94
	162,962,020.71	66,431,430.60

(8) Long-term equity investments

	31 December 2015	31 December 2014
Subsidiaries *(a)*	**2,897,931,420.87**	2,897,931,420.87
Joint venture	**142,216,010.29**	156,008,153.98
	3,040,147,431.16	3,053,939,574.85
Less: provision of long-term equity investments	**(535,925,936.93)**	–
	2,504,221,494.23	3,053,939,574.85

The long-term equity investments are unlisted and do not have significant limitation of transfer.

As at 31 December 2015, provision of long-term equity investments representated impairment losses of long-term equity investments of RMB535,925,936.93 (31 December 2014: Nil) for Wuxin Copper. Wuxin Copper made continuous losses since its establishment, the value of its net asset was only RMB17,991,004.65 as at 31 December 2015. The Company made impairment of long-term equity investments for Wuxin Copper based on the result of valuation on the long term investment.

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(CONTINUED)*

(8) Long-term equity investments *(continued)*

(a) Subsidiaries

	Accounting treatment	Initial investment cost	31 December 2014	Current year changes	**31 December 2015**	**Equity interest held**	**Voting rights held**
Mengxi Mining	Cost method	10,200,000.00	10,200,000.00	–	**10,200,000.00**	**51%**	**51%**
Xinjiang Yakesi	Cost method	467,844,415.12	720,171,915.12	–	**720,171,915.12**	**99.51%**	**99.51%**
Hami Jubao	Cost method	75,000,000.00	91,100,349.00	–	**91,100,349.00**	**75%**	**75%**
Zhongxin Mining	Cost method	56,659,156.75	118,659,156.75	–	**118,659,156.75**	**97.58%**	**97.58%**
Wuxin Copper	Cost method	66,000,000.00	547,800,000.00	(535,925,936.93)	**11,874,063.07**	**66%**	**66%**
Kalatongke Mining	Cost method	10,000,000.00	1,230,000,000.00	–	**1,230,000,000.00**	**100%**	**100%**
Beijing Xinding	Cost method	100,000,000.00	100,000,000.00	–	**100,000,000.00**	**100%**	**100%**
Shaanxi Xinxin	Cost method	80,000,000.00	80,000,000.00	–	**80,000,000.00**	**51%**	**51%**
			2,897,931,420.87	(535,925,936.93)	**2,362,005,483.94**		

(9) Long-term receivable

	31 December 2015	31 December 2014
Lont-term receivable	**800,000,000.00**	–

As at 31 December 2015, the Company provided 3-year entrusted loans of RMB300,000,000.00 and RMB500,000,000.00 to Xinjiang Yakesi and Kalatongke Mining respectively, both with an annual rate of 6.50%.

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(CONTINUED)*

(10) Fixed assets

	Building	Machinery and equipment	Motor vehicles	Electronic equipment office equipment	Total
Cost					
31 December 2014	212,976,293.90	594,353,866.35	16,669,641.08	13,398,339.01	837,398,140.34
Additions					
Acquisition	3,602,008.42	3,316,776.53	950,206.36	385,003.78	8,253,995.09
Transfer-in from construction in progress	13,810,980.17	6,506,018.88	–	–	20,316,999.05
Reductions					
Disposal and retirement	–	–	(638,170.00)	–	(638,170.00)
Reclassification	52,413,280.27	(52,413,280.27)	–	–	–
31 December 2015	**282,802,562.76**	**551,763,381.49**	**16,981,677.44**	**13,783,342.79**	**865,330,964.48**
Accumulated depreciation					
31 December 2014	94,749,556.29	181,686,208.69	9,181,472.67	9,558,091.51	295,175,329.16
Accruement	8,264,881.19	37,204,185.13	1,590,390.94	1,035,181.04	48,094,638.30
Disposal and retirement	–	–	(611,004.10)	–	(611,004.10)
Reclassification	(5,547,316.72)	5,547,316.72	–	–	–
31 December 2015	**97,467,120.76**	**224,437,710.54**	**10,160,859.51**	**10,593,272.55**	**342,658,963.36**
Net book value					
31 December 2015	**185,335,442.00**	**327,325,670.95**	**6,820,817.93**	**3,190,070.24**	**522,672,001.12**
31 December 2014	118,226,737.61	412,667,657.66	7,488,168.41	3,840,247.50	542,222,811.18

For the year ended 31 December 2015, depreciation expense of fixed assets amounted to RMB48,094,638.30 (2014: RMB49,429,293.22) in total, of which RMB45,106,335.61 were charged to cost of sales, RMB2,838,780.47 to general and administrative expense, and RMB149,522.22 to selling expense (2014: RMB46,187,473.28, RMB3,100,425.21 and RMB141,394.73 respectively).

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(CONTINUED)*

(11) Intangible assets

	Mining rights	Land use rights	Others	Total
Cost				
31 December 2014	–	41,228,502.90	242,162.50	41,470,665.40
Additions – Purchase	–	14,540,355.00	60,427.35	14,600,782.35
31 December 2015	–	55,768,857.90	302,589.85	56,071,447.75
Accumulated amortisations				
31 December 2014	–	6,707,181.57	70,771.49	6,777,953.06
Reductions – Accruement	–	1,035,276.04	34,704.83	1,069,980.87
31 December 2015	–	7,742,457.61	105,476.32	7,847,933.93
Net book value				
31 December 2015	–	48,026,400.29	197,113.53	48,223,513.82
31 December 2014	–	34,521,321.33	171,391.01	34,692,712.34

For the year ended 31 December 2015, the amortisation expense of intangible assets was RMB1,069,980.87 (2014: RMB875,105.16).

(12) Deferred tax assets

	31 December 2015		31 December 2014	
	Deductible temporary differences and deductible losses	**Deferred tax assets**	Deductible temporary differences and deductible losses	Deferred tax assets
Assets impairment	**805,345,337.76**	**120,801,800.66**	4,454,096.95	668,114.54
Deductible losses	**67,579,316.94**	**10,136,897.54**	–	–
Government grants	**787,114.00**	**118,067.10**	848,446.00	127,266.90
	873,711,768.70	**131,056,765.30**	5,302,542.95	795,381.44
Including				
Deferred tax asset to be recovered within 1 year (including 1 year)		**120,811,000.46**		677,314.34
Deferred tax asset to be recovered after 1 year		**10,245,764.84**		118,067.10
		131,056,765.30		795,381.44

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(CONTINUED)*

(13) Provision for asset impairment

	31 December 2014	Current year additions	Current year reductions		31 December 2015
			Reversal	Sold	
Provision for bad debts	3,910,669.15	22,320.06	–	–	**3,932,989.21**
Including: Accounts receivable	3,904,393.94	22,320.06	–	–	**3,926,714.00**
Other receivables	6,275.21	–	–	–	**6,275.21**
Provision for decline in value of inventories	543,427.80	264,942,983.84	–	–	**265,486,411.64**
Provision of long-term equity investments	–	535,925,936.93	–	–	**535,925,936.93**
	4,454,096.95	800,891,240.83	–	–	**805,345,337.78**

(14) Accounts payable

	31 December 2015	31 December 2014
Payable for purchase of materials	**26,514,595.55**	27,101,004.34
Transportation fee payable	**6,742,184.58**	2,677,785.44
Others	**746,835.65**	394,594.72
	34,003,615.78	30,173,384.50

(15) Advances from customers

	31 December 2015	31 December 2014
Advances for sales of goods	**20,818,319.02**	15,460,877.42

(16) Employee benefits payable

	31 December 2015	31 December 2014
Short-term employee benefits payable	**18,566,287.20**	18,710,364.31
Defined contribution plans payable	**16,121.86**	6,045.13
	18,582,409.06	18,716,409.44

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(CONTINUED)*

(16) Employee benefits payable *(continued)*

(a) Short-term employee benefits payable

	31 December 2014	Current year additions	Current year reductions	**31 December 2015**
Salaries, bonuses, allowances and subsidies	14,741,841.26	66,249,131.79	(66,895,672.90)	**14,095,300.15**
Staff welfare	–	4,591,683.35	(4,591,683.35)	**–**
Social insurances	2,176.91	7,747,119.15	(7,747,119.15)	**2,176.91**
Including: Medical insurance	2,176.91	5,724,362.47	(5,724,362.47)	**2,176.91**
Work injury insurance	–	1,068,361.60	(1,068,361.60)	**–**
Maternity insurance	–	539,183.33	(539,183.33)	**–**
Illness insurance	–	415,211.75	(415,211.75)	**–**
Housing funds	583,152.00	7,440,048.10	(7,467,855.10)	**555,345.00**
Labor union fund and employee education fund	3,351,909.49	2,325,160.92	(1,764,625.27)	**3,912,445.14**
Service charge	–	7,941,166.08	(7,941,166.08)	**–**
Others	31,284.65	–	(30,264.65)	**1,020.00**
	18,710,364.31	96,294,309.39	(96,438,386.50)	**18,566,287.20**

(b) Defined contribution plans payable

	31 December 2014	Current year additions	Current year reductions	**31 December 2015**
Pension insurance	–	12,378,242.77	(12,378,242.77)	**–**
Unemployment insurance	6,045.13	1,030,860.91	(1,020,784.18)	**16,121.86**
	6,045.13	13,409,103.68	(13,399,026.95)	**16,121.86**

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(CONTINUED)*

(17) Taxes payable

	31 December 2015	31 December 2014
Value added tax payable	**302,413.94**	120,414.63
Individual income tax	**122,277.24**	186,839.64
Stamp duty	**42,227.99**	581,925.40
City maintenance and construction tax payable	**21,223.96**	8,549.77
Educational surcharge payable	**15,175.68**	2,788.53
Coporate tax	**–**	4,146,397.77
Others	**3,740.00**	–
Total	**507,058.81**	5,046,915.74

(18) Interest payable

	31 December 2015	31 December 2014
Interests for bond payable	**37,704,109.56**	30,723,287.66

(19) Other payables

	31 December 2015	31 December 2014
Payable to subsidiaries	**64,315,900.77**	52,944,988.56
Payables for purchases of equipments	**2,732,434.99**	1,719,986.26
Payable for professional service	**1,896,240.54**	1,787,721.02
Withholding of social security fees	**1,892,079.91**	1,949,943.66
Payables for construction projects	**1,820,044.00**	–
Deposit for quality guarantee	**101,735.00**	4,116.65
Others	**2,244,440.59**	2,634,539.84
Total	**75,002,875.80**	61,041,295.99

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(CONTINUED)*

(20) Revenue and cost of sales

	2015	2014
Revenue from main operation	**553,787,105.68**	1,842,603,649.60
Revenue from other operation	**6,136,226.42**	8,089,744.91
	559,923,332.10	1,850,693,394.51

	2015	2014
Cost of sales from main operation	**534,304,661.80**	1,641,922,037.34
Cost of sales from other operation	**4,548,836.68**	6,236,086.56
	538,853,498.48	1,648,158,123.90

(a) Revenue and cost of sales from main operation

	2015		2014	
	Revenue from main operation	Cost of sales from main operation	Revenue from main operation	Cost of sales from main operation
Nickel cathode	**160,760,932.41**	**193,029,561.83**	1,541,848,898.06	1,370,469,963.16
Copper cathode	**379,846,869.07**	**326,642,402.65**	261,039,988.55	227,511,161.52
Others	**13,179,304.20**	**14,632,697.32**	39,714,762.99	43,940,912.66
	553,787,105.68	**534,304,661.80**	1,842,603,649.60	1,641,922,037.34

(b) Revenue and cost of sales from other operation

	2015		2014	
	Revenue from other operation	Cost of sales from other operation	Revenue from other operation	Cost of sales from other operation
Supply of heating	**4,570,863.02**	**4,455,829.79**	5,963,806.57	5,961,468.52
Scrap sales	**1,259,030.78**	**–**	1,537,912.41	2,883.33
Others	**306,332.62**	**93,006.89**	588,025.93	271,734.71
	6,136,226.42	**4,548,836.68**	8,089,744.91	6,236,086.56

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(CONTINUED)*

(21) Financial expenses – net

	2015	2014
Interest expense	**43,488,044.12**	42,891,288.27
Less: Capitalised interest	**–**	–
Less: Interest income on bank deposits	**(10,088,928.69)**	(6,308,967.46)
Foreign exchange gains	**2,697.67**	(1,228.59)
Others	**4,280,587.70**	1,580,690.25
	37,682,400.80	38,161,782.47

(22) Expenses by nature

Cost of sales, Selling and distribution expense, General and administrative expenses in Income Statements by nature are shown as follows:

	2015	2014
Raw materials and consumables used	**1,012,926,722.53**	1,205,735,571.63
Changes in inventories of work in progress, semi-finished goods and finished goods *(Note 16(6))*	**(679,086,181.95)**	260,266,283.29
Employee benefits	**109,703,413.07**	102,500,210.30
Depreciation	**48,094,638.30**	49,429,293.22
Electricity costs	**43,419,458.11**	41,553,955.29
Other overhead	**24,444,955.89**	17,304,505.19
Office expenses	**3,144,268.07**	5,460,234.36
Taxation	**3,515,074.46**	3,312,869.36
Operating leases expenses	**1,635,930.00**	1,635,930.00
Auditor's Remuneration	**1,589,000.00**	1,559,000.00
– Auditing services	**1,559,000.00**	1,559,000.00
– Non-auditing services	**30,000.00**	–
Amortisation of intangible assets	**1,069,980.87**	875,105.16
Sewage charges	**155,075.00**	161,176.00
Safety fund *(Note 4(34))*	**7,744,421.31**	129,833.15
Sold-out provision for inventory devaluation *(Note 16(13))*	**–**	(45,734,035.66)
Others	**11,972,065.58**	61,425,664.75
	590,328,821.24	1,705,615,596.04

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(CONTINUED)*

(23) Investment (losses)/income

	2015	2014
Income from long-term investment in subsidiaries under cost method	–	94,827,648.48
Net (loss)/income from a joint-venture under equity method *(Note 4(9)(a))*	**(13,792,143.69)**	7,589,100.90
	(13,792,143.69)	102,416,749.38

(24) Income tax (credit)/expenses

	2015	2014
Current income tax	**404,791.27**	(5,265,798.67)
Deferred income tax	**(130,261,383.86)**	13,899,253.05
	(129,856,592.59)	8,633,454.38

The reconciliation from income tax calculated based on the applicable tax rates and total loss/(profit) presented in the Company's income statements to the income tax expenses are listed as follows:

	2015	2014
Total (loss)/profit	**(882,998,370.05)**	251,096,192.76
Income tax (credit)/expenses calculated at applicable tax rate of 25%	**(220,749,592.51)**	62,774,048.19
Effect of tax deductions	**88,299,837.01**	(25,109,619.28)
Effect of change in tax rates	–	(15,163,996.26)
Income not subject to tax	**2,068,821.55**	(15,362,512.41)
Expenses not deductible for tax purposes	**119,550.09**	582,543.72
Clearance differences in respect of prior years	**404,791.27**	912,990.42
	(129,856,592.59)	8,633,454.38

17 NET CURRENT (LIABILITIES)/ASSETS

	The Group	
	31 December 2015	31 December 2014
Current assets	**4,196,640,991.83**	4,235,881,971.37
Less: current liabilities	**(4,588,113,430.32)**	(3,905,598,825.11)
Net current (liabilities)/assets	**(391,472,438.49)**	330,283,146.26

	The Company	
	31 December 2015	31 December 2014
Current assets	**2,845,563,286.93**	2,538,884,416.02
Less: current liabilities	**(829,918,388.03)**	(211,162,170.75)
Net current assets	**2,015,644,898.90**	2,327,722,245.27

18 TOTAL ASSETS LESS CURRENT LIABILITIES

	The Group	
	31 December 2015	31 December 2014
Total assets	**11,903,167,670.23**	11,885,837,056.31
Less: current liabilities	**(4,588,113,430.32)**	(3,905,598,825.11)
Total assets less current liabilities	**7,315,054,239.91**	7,980,238,231.20

	The Company	
	31 December 2015	31 December 2014
Total assets	**6,865,376,621.85**	6,199,823,514.03
Less: current liabilities	**(829,918,388.03)**	(211,162,170.75)
Total assets less current liabilities	**6,035,458,233.82**	5,988,661,343.28

SUPPLEMENTAL INFORMATION FOR FINANCIAL STATEMENTS

(All amounts in RMB Yuan unless otherwise stated)

1 EXTRAORDINARY GAINS OR LOSSES

	2015	2014
Changes in fair value gains/(losses) on disposal of financial liabilities at fair value through profit or loss – net	**5,817,433.41**	(15,680,294.57)
Government grants through profit or loss	**4,809,074.34**	6,227,745.40
Losses on disposal of non-current assets	**(9,254.80)**	(300,654.36)
Other operating revenues and expenses	**574,749.38**	329,939.90
	11,192,002.33	(9,423,263.63)
Income tax	**–**	(638,368.59)
Non-controlling interest impact (after tax)	**(3,032,659.08)**	4,804,141.01
	8,159,343.25	(5,257,491.21)

Basis of preparation of extraordinary gains or losses

According to the "Explanatory Notice for Information Disclosure by Companies Offering Securities to the Public No. 1 – Extraordinary Gains or Losses [2008]" set by China Securities Regulatory Commission, extraordinary gains or losses refer to gains or losses that are not directly related to the company's normal business, and that are related to normal business but impact financial statements users to make correct judgment of the transactions and events on the Company's operating performance and profitability because of their extraordinary and sporadic nature.

2 (LOSS)/RETURN ON NET ASSETS AND (LOSS)/EARNINGS PER SHARE

	Weighted average (loss)/earnings on net assets (%)		(Loss)/earnings per share			
			(Loss)/earnings per share		Diluted (Loss)/earnings per share	
	2015	2014	**2015**	2014	**2015**	2014
Net (loss)/earnings attributable to ordinary shareholders	**(14.44%)**	1.39%	**(0.335)**	0.035	**(0.335)**	0.035
Net (loss)/earnings attributable to ordinary shareholders excluding extraordinary items	**(14.60%)**	1.48%	**(0.339)**	0.035	**(0.339)**	0.035

Xinjiang Xinxin Mining Industry Co., Ltd.*
新疆新鑫礦業股份有限公司