中國大冶有色金屬礦業有限公司

China Daye Non-Ferrous Metals Mining Limited

(Incorporated in Bermuda with limited liability)

Stock Code : 00661

2015
ANNUAL REPORT

Mineral Resources

HUBEI MINES

Daye City

1. Tonglvshan Mine
2. Tongshankou Mine

Yangxin County

3. Fengshan Mine
4. Chimashan Mine

XINJIANG MINES

Wuqia County

5. Sareke Copper Mine

Hami City

6. Hami Mine

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors:

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

Independent Non-executive Directors:

Wang Qihong
Wang Guoqi
Liu Jishun

AUDIT COMMITTEE/ REMUNERATION COMMITTEE

Wang Guoqi *(Chairman)*
Wang Qihong
Liu Jishun

NOMINATION COMMITTEE

Zhang Lin *(Chairman)*
Wang Guoqi
Wang Qihong
Liu Jishun

COMPANY SECRETARY

Lau Pok Yuen (appointed on 31 July 2015)
Yeung Wing Kwan (resigned on 31 July 2015)

LEGAL ADVISERS

As to Hong Kong law:
Paul Hastings

As to Bermuda law:
Conyers, Dill & Pearman

AUDITOR

Deloitte Touche Tohmatsu

BANKERS

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL REGISTRAR

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

HONG KONG BRANCH REGISTRAR

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

STOCK CODE

661

Biographical Details of Directors

EXECUTIVE DIRECTORS

Mr. Zhang Lin, aged 53, has been the Chairman and an executive director of the Company since 2012. Mr. Zhang obtained a bachelor's degree in mineral processing engineering from Central South University (中南大學) in 1986 and a doctorate degree in mineral processing engineering from Central South University (中南大學) in 2008. Mr. Zhang was accredited as a senior engineer in mineral processing by the Employees Reform Office of Hubei Province in April 2004. Mr. Zhang has served as chairman of Daye Nonferrous Metals Co., Ltd ("Daye Metal"), a subsidiary of the Company and Daye Nonferrous Metals Group Holding Co., Ltd. (the "Parent Company") since 2008 and 2010, respectively. He is currently the chairman and director of the Parent Company, Daye Metal and the Company. Mr. Zhang has over 25 years of experience in mineral processing.

Mr. Long Zhong Sheng, aged 53, has been the Chief Executive Officer and an executive director of the Company since 2012 and 2011, respectively. Mr. Long obtained a bachelor's degree in mining processing engineering from Central South University (中南大學) in 1987. He holds a master's degree in mineral processing from Central South University (中南大學) and is a senior mineral processing engineer. He began his career in mining engineering at 豐山銅礦 (Feng Shan Copper Mine) in the People's Republic of China (the "PRC") in 1987 and acted as its chief executive from 1998 to 2002. He had also been the chief executive of 銅綠山礦 (Tonglvshan Mine) in the PRC from 2006 to 2008. Mr. Long has over 25 years of experience in the management field of mining industry.

Mr. Zhai Baojin, aged 49, has been an executive director of the Company since 2012. Mr. Zhai graduated in economics and management from the Party School of Hubei Province in 2007. Mr. Zhai was accredited as a senior engineer in metallurgy by the Employees Reform Office of Hubei Province in June 2006. Mr. Zhai joined Daye Metal in April 2005 and was appointed as its director in September 2006 and has also served as its general manager. He had served as the factory head of the smelting plant located in No. 1, Yelian Road, Xin Xialu, Huangshi City, Hubei Province, the PRC, and also the deputy general manager in general affairs and the general manager of Daye Metal since April 2005. Mr. Zhai is currently the general manager and a director of Parent Company. Mr. Zhai has over 25 years of experience in the smelting industry.

Mr. Tan Yaoyu, aged 43, has been an executive director of the Company since 2012. Mr. Tan is also the director of Daye Metal and has over 20 years of experience in the mining industry. Mr. Tan graduated in economics and management from the Party School of Hubei Province in 2007. Mr. Tan was accredited as a senior accountant by the Employees Reform Office of Hubei Province in December 2010. Mr. Tan joined Daye Metal in December 2008 and served as its financial director until October 2009. Mr. Tan was then appointed as a director of Daye Metal in September 2011. He is currently the chief accountant and a member of the Standing Committee of the Parent Company.

Biographical Details of Directors

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wang Guoqi, aged 54, has been an independent non-executive director of the Company since 2006. Mr. Wang is a qualified accountant of The Chinese Institute of Certified Public Accountants, the PRC. Mr. Wang has extensive experience in accounting and financing areas in different industries. Currently, he is the managing partner of Hua-Ander Certified Public Accountants in the PRC. Mr. Wang obtained a bachelor's degree in financial accounting and a master's degree from Renmin University of China in 1982 and 1985, respectively, and also a doctor's degree in philosophy from The University of London, the United Kingdom.

Mr. Wang Qihong, aged 61, has been an independent non-executive director of the Company since 2006. Mr. Wang worked in the Materials Bureau of the former Ministry of Posts and Telecommunications of the People's Republic of China and China National Postal and Telecommunications Appliances Corp. He was sent to Hong Kong by the Ministry of Posts and Telecommunications in 1991, where he served as a deputy general manager of Postel Development Co. Ltd., the Hong Kong branch of the Ministry of Posts and Telecommunications, and a deputy general manager of Town Khan Limited (Note: Town Khan Limited was one of the founders of SmarTone Telecommunications Holdings Limited (stock code: 00315) in Hong Kong, and it also participated in the listing of China Mobile Limited (stock code: 00941) in Hong Kong). Mr. Wang has participated in a number of projects regarding the modernization development and technology introduction of posts and telecommunications in the PRC since 1976, including the introduction of the first mobile communication equipment in the PRC, playing a significant role in the modernization of communication in the PRC. Mr. Wang successively graduated from Liaoning University and International College of Economics and Management (國際經濟管理學院) (currently merged with the University of International Business and Economics).

Mr. Liu Jishun, aged 58, is a professor and doctoral supervisor in Central South University (the "CSU"). Mr. Liu has been an independent non-executive director of the Company since July 2014. Mr. Liu obtained a bachelor's degree in geology, a master's degree in geology and a doctoral degree in earth sciences from Nanjing University in January 1982, July 1986, and July 1989, respectively. He was assigned to the Research Institute NO.230. China National Nuclear Corporation in Changsha (核工業長沙230研究所) in January 1982. He worked as a researcher from October 1989 to October 1991 for the post-doctoral programme of geological exploration and mining petroleum in Central South University of Technology, which was then merged into the CSU. He joined the CSU as a lecturer of geology in November 1991 and was later promoted to professor. He is devoted to the theoretical research on ore-formation and the practice of ore exploration, and specializes in regional metallogeny, exploration system engineering and practicality assessment for mining. He was involved in the discovery of gold deposits in Qingyaigou (青崖溝), Gansu, PRC and the copper and gold deposits in Ka Latage (卡拉塔格), Xinjiang, the PRC. Mr. Liu has held numerous positions related to geology in multiple companies. For example, he was the research team leader of the Sanjiang exploration project (三江找礦工程) of China National Nonferrous Metals Industry Corporation (中國有色金屬工業總公司), as well as the advisor to each of Southwest China Nonferrous Geological Exploration Bureau (西南有色地勘局), Yunnan Copper (Group) Co., Ltd. (雲南銅業集團), Hubei Provincial Huangmailing Phosphate Chemical Co., Ltd. (湖北黃麥嶺磷化工集團), Guangdong Yunfu Guangye Pyrite Group Limited (廣東雲浮硫鐵礦集團), the joint research institute of Xinjiang Non-ferrous Metal Group and CSU (新疆有色中南大學聯合研究院), Mengzi Mining and Metallurgy Co., Ltd. (蒙自礦冶) and Guixin Mining Industry Development Co., Ltd. (桂新礦業有限公司). He also acted as the mine exploitation advisor in Lincang, Yunnan, the PRC and as a Guangdong Province corporate technology correspondent (廣東省企業科技特派員). He served as a member of the 13th and 14th term of expert valuation team to the National Natural Science Foundation of China (國家自然科學基金委).

Chairman's Statement

The Company endeavours to maintain its strategic positioning and achieve steady progress.

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "Board") of China Daye Non-Ferrous Metals Mining Limited (the "Company"), I am pleased to present to the shareholders of the Company (the "Shareholders") the annual report of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015.

Revenue for the year ended 31 December 2015 amounted to approximately RMB39,361,792,000 (2014: RMB42,808,295,000), representing a year-on-year decline of approximately 8.05%. Loss before tax was approximately RMB1,452,555,000 (2014: RMB158,210,000), representing a year-on-year increase of approximately 818.12%, mainly attributable to the write-down of inventories amounting to approximately RMB612,280,000 and the impairment of assets amounting to approximately RMB567,653,000 due to a significant decline in copper price for the year ended 31 December 2015, and the exchange losses amounting to approximately RMB194,277,000 arising from the devaluation of Renminbi.

Production of the Group progressed steadily with an increase in the output of products. During the year, a total of approximately 28,400 tonnes of mined copper was produced, up by 15.45% from the previous year. The Company also produced 470,600 tonnes of copper cathode, up by 2.13% from the previous year; 1,102 tonnes of precious metals (including 20.4 tonnes of gold, 1,063 tonnes of silver, 15 kg of platinum and 201 kg of palladium and 18 tonnes of tellurium), up by 22.96% year-on-year; 1,032,000 tonnes of chemical products (including 1,030,000 tonnes of sulphuric acid, 631 kg of ammonium perrhenate, 374 tonnes of nickel sulphate, 1,008 tonnes of copper sulfate and 190 tonnes of crude selenium), up by approximately 0.84% year-on-year; and 258,600 tonnes of iron concentrate.

In comparison with the same period of last year, the overall recovery rate of copper, gold and silver increased by 0.15%, 0.12% and 1.33%, respectively. The direct recovery of copper electrolysis of smelting plant increased by 0.75%, and the direct recovery of gold and silver of rare and precious metal plant increased by 0.44% and 2.18%, respectively. Electricity consumption of copper cathodes dropped significantly.

Chairman's Statement

In 2015, the Group continued to optimize its industrial structure and accelerated the pace of transformation and upgrading:

1. Resource exploitation was carried out steadily. The progress of internal and external mining as well as construction projects was accelerated. A new ore dressing system of Tonglvshan Mine was put into operation, and the construction of the new tailings storage facility of Tongshankou Mine achieved a major breakthrough and was ready for trial operation.

2. Smelting system was further improved. In 2015, various environmental improvement projects were completed, including the compliance of sulphuric acid exhaust, low-altitude smoke control, fugitive gas collection and treatment, acid waste treatment, ventilation improvement for old electrolysis systems and compliance of waste water and emission of rare and precious metal plant. Currently, most of the environmental management projects are properly managed with smooth operation. Moreover, working and living environment of employees was further improved.

3. Technical innovation was strengthened. In order to improve the production efficiency and integrated resource recovery, the Group conducted a number of technology researches, such as safe and efficient mining of deep ore body of Tonglvshan Mine, resin adsorption of liquid after dissolving copper and diffusion of metal in rare and previous metal plant, and treatment of waste water of smelting pool with biological agent.

4. Continuous efforts were made to facilitate transformation and upgrading through innovation, and environment-friendly industry was achieved. The Company adhered to green development and transformation. The mining and smelting systems underwent green transformation and green mines and garden-style plants were built up. Smelting technology and equipment achieved world-class level. In particular, the sulphur dioxide emissions were reduced by 36,100 tonnes per year upon the completion of Ausmelt furnace, which was beneficial to the energy conservation and emission reduction.

Chairman's Statement

Affected by the increasing pressure resulting from the economic slowdown, the non-ferrous metals industry is facing unprecedented difficulties. As the general economy continued to slow down, it is widely expected that China's economy will see the most challenging environment in the next two to three years. Structural reform will inevitably occur and preparation should be made to deal with long-term difficulties. The non-ferrous metals industry has been continuously sluggish, and various prolonged problems accumulated during the industrial development have become more obvious, such as lack of innovation, imbalance of market supply and demand and unreasonable industrial structure. Furthermore, the weak demand is unlikely to improve in the near future and the losses of the industry will continue to expand due to falling prices and rising costs.

Unfavourable factors mainly include the following aspects:

1. Weakening product prices. The global economic growth slowed down and monetary policy of the Federal Reserve was tightened, which resulted in accelerating outflow of capital from emerging countries, the sharp decrease in the demand of commodities and excessive imbalance demand and supply of non-ferrous metals. The global copper price dropped by 25% in 2015 and is still dipping, which seems to be difficult to rebound in the near future. Besides, the prices of other major by-products of the Group also showed a downward trend.

2. High production costs. Labour cost, depreciation of fixed assets and expenses for environmental protection of chemical metallurgic increased.

3. Increases in other risk factors. Risks in exchange and interest rates and maintenance and increase of value of inventory intensified.

4. Fierce industry competition. Under the prolonged economic downturn, prices of non-ferrous metals products continue to decrease while the respective costs remain in a high level. Together with excessive production capacity and further restrictions on technologies and ecological environment, the industry will face a new round of reshuffle.

Based on the above factors, the Group will carry out a series of measures, including strengthening cost control, implementing cost reduction and efficiency improvement, enhancing technological research and development and commercialization, improving profitability of technological innovation and consolidating basic management to increase efficiency and quality of its management.

I am confident that such difficulties are temporary, and the management and staff of the Group will work together to face any challenges and steadily implement the Group's business strategies to enhance the values of our shareholders. Last but not least, I, on behalf of the Board, would like to thank all the Shareholders and the dedicated and diligent staff for their continuous support to the Group, and hereby express our deep gratitude to our customers, suppliers and other business partners for their confidence and trust in the Group.

Zhang Lin
Chairman of the Board

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2015, the Group recorded revenue of approximately RMB39,361,792,000 (2014: RMB42,808,295,000), representing a decrease of approximately 8.05% from the previous year. The decrease was mainly attributable to the decline of average selling price of major products such as copper cathodes, gold, silver and iron concentrate.

Cost of sales and services rendered

For the year ended 31 December 2015, the cost of sales and services rendered of the Group amounted to approximately RMB39,308,260,000 (2014: RMB42,010,068,000), representing a decrease of approximately 6.43% from the previous year, which was primarily due to the decrease in the purchase prices of raw materials.

Gross profit

Gross profit decreased by RMB744,695,000 to RMB53,532,000, compared with RMB798,227,000 in the same period of 2014. This decrease in gross profit was mainly due to the write-down of inventories amounting to approximately RMB612,280,000.

Other income

Other income for the year ended 31 December 2015 amounted to approximately RMB107,036,000 (2014: RMB174,823,000), representing a decrease of approximately 38.77% from the previous year. The decrease was primarily due to the decrease in government grants received.

Administrative expenses

Administrative expenses for the year ended 31 December 2015 amounted to approximately RMB337,119,000 (2014: RMB346,574,000), representing a decrease of approximately 2.73% from the previous year. The decrease was primarily due to the implementation of expense control measures to lower administrative expenses.

Other gains and losses

Other gains and losses for the year ended 31 December 2015 amounted to a net loss of approximately RMB779,006,000 (2014: a net loss of RMB137,191,000), representing an increase of approximately 467.83% from the previous year. The increase was primarily due to the increase in impairment recognised and exchange losses when compared with the previous year.

Finance costs

Finance costs for the year ended 31 December 2015 amounted to approximately RMB461,799,000 (2014: RMB529,002,000), representing a decrease of approximately 12.70% from the previous year, which was primarily due to the decreases in the market interest rate for the year.

Management Discussion and Analysis

Share of results of joint ventures

Share of results of joint ventures for the year ended 31 December 2015 amounted to a profit of approximately RMB39,215,000 (2014: a loss of RMB22,901,000). The profit during the year was primarily due to the increase in the profit from trade and financial products during the year.

Income tax credit

Income tax credit for the year ended 31 December 2015 amounted to approximately RMB262,330,000, representing an increase of approximately 729.08% from the previous year (2014: RMB31,641,000). The increase mainly reflects the deferred tax effect recognised due to the write-down of inventories.

Loss before tax

Loss before tax was approximately RMB1,452,555,000 (2014: RMB158,210,000), representing a year-on-year increase of approximately 818.12%, mainly attributable to the write-down of inventories amounting to approximately RMB612,280,000 and the impairment of assets amounting to approximately RMB567,653,000 due to a significant decline in copper price for the year ended 31 December 2015, and the exchange losses amounting to approximately RMB194,277,000 arising from the devaluation of Renminbi.

Loss for the year

As a result of the foregoing factors, loss for the year ended 31 December 2015 amounted to approximately RMB1,190,225,000 (2014: loss for the year of RMB126,569,000).

Loss per share

For the year ended 31 December 2015, basic loss per share amounted to RMB5.52 fen, representing an increase of approximately RMB4.97 fen from the previous year.

Management Discussion and Analysis

MINERAL RESOURCES AND ORE RESERVES

As at 31 December 2015, the Company held a total of six mines located in Hubei and Xinjiang.

The following table sets out the mineral information of each mine as at 31 December 2015.

Abundant and high quality mineral resources

	Hubei Mines								Xinjiang Mines			
	Tonglvshan Mine		Fengshan Mine		Tongshankou Mine		Chimashan Mine		Sareke Copper Mine		Hami Mine	
Geographical location	Daye City		Yangxin County		Daye City		Yangxin County		Wuqia county		Hami City	
Ownership	95.35%		95.35%		95.35%		95.35%		55%		93.34%	
Approximate total area (square kilometres)	4.76		2.35		1.71		0.44		1.23		11.14	
Year for operation commencement	1971		1972		1984		1958		Commercial production not yet commenced		Commercial production not yet commenced	
Metals with economic values available for exploration	Copper, gold, silver and iron		Copper, gold, silver and molybdenum		Copper, gold, silver and molybdenum		Copper, gold, silver and molybdenum		Copper, silver		Copper	
Major products	Copper concentrate (containing gold, silver), iron concentrate		Copper concentrate (containing gold, silver), molybdenum concentrate		Copper concentrate (containing gold, silver), molybdenum concentrate		Copper concentrate (containing gold, silver), molybdenum concentrate		Copper concentrate (containing silver)		Copper concentrate	
Average copper grade	1.2%		0.8%		0.7%		0.85%		1.08%	0.82%	0.71%	0.66%
JORC classification	Indicated	Inferred	Indicated	Inferred	Indicated	Inferred	Indicated	Inferred	Indicated	Inferred	Indicated	Inferred
Ore quantity (million tonnes)	17.65	9.58	13.28	13.27	24.46	16.21	0.297	0.256	18.58	1.90	21.47	8.45
Resources metal quantity												
Copper (tonnes)	207,700	110,900	105,900	110,000	161,400	106,400	1,640	3,040	194,200	15,540	152,000	55,400
Iron (million tonnes)	4.27	2.41	–	–	–	–	–	–	–	–	–	–
Molybdenum (tonnes)	–	–	700	1,860	2,200	3,930	2	35	–	–	–	–
Gold (ounce)	343,000	195,000	–	–	–	–	–	–	–	–	–	–
Silver (thousand ounce)	4,430	1,660	–	–	–	–	–	–	–	–	–	–

Notes: (1) The mineral resources and ore reserves in the above table are estimated in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 edition), as published by the Australasian Joint Ore Reserves Committee comprising representatives from the Minerals Council of Australia, the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists (the "JORC Code").

(2) The annual updates on resource quantities and/or reserves are based on the competent persons' report or the relevant updates made by the internal experts according to the production consumption and new exploration on the basis of historical data.

(3) All resources quantities are estimated based on information as of 31 December 2015 (for Hubei Mines and Sareke Copper Mine) and 15 November 2012 (for Hami Mine). There was no material change in the estimates for Hami Mine from 15 November 2012 to 31 December 2015.

Management Discussion and Analysis

Tonglvshan Project Summary

As at 31 December 2015, according to JORC standard, copper mineral resources and copper ore reserves of the Tonglvshan Project amounted to approximately 318,600 tonnes and 27.23 million tonnes, respectively. Further details are set out below:

Resources and reserves summary (JORC Code)

	Copper and Iron			Gold and Silver		
JORC classification (In licence CuEq>0.5%)	**Quantity** *(million tonnes)*	**Cu** *(%)*	**Fe** *(%)*	**Quantity** *(million tonnes)*	**Au** *gram/ tonne*	**Ag** *gram/ tonne*
Resources						
Indicated	17.65	1.2	24.2	16.40	0.7	8.4
Inferred	9.58	1.2	25.2	7.08	0.9	7.3
Total	**27.23**	**1.2**	**24.5**	**23.48**	**0.7**	**8.1**
Reserves (CuEq>0.90%)						
Probable (in mining licence)	6.70	1.03	19.8	6.70	0.53	5.71
Probable (in exploration licence)	4.70	1.06	23.1	4.70	0.52	8.78
Total Probable	**11.40**	**1.04**	**21.1**	**11.40**	**0.53**	**6.98**

Note:

(1) The mineral resource and ore reserve estimates prepared in accordance with JORC Code are based on information up to 31 December 2015. Please refer to the explanatory notes on page 19 for details of the assumptions and parameters used to calculate these resource and reserve numbers and quantities of metals.

Management Discussion and Analysis

As at 31 December 2015, according to PRC standard, copper mineral resources and copper ore reserves of the Tonglvshan Project amounted to approximately 465,566 tonnes and 32.939 million tonnes, respectively. Further details are set out below:

Resources and reserves summary (PRC standard)

Mines types	Accumulated			Retained		
	Ore quantity *(10,000 tonnes)*	Metal quantity *(tonne)*	Grade *(%)*	Ore quantity *(10,000 tonnes)*	Metal quantity *(tonne)*	Grade *(%)*
Copper	8,270.1	1,342,710	1.63	3,293.9	465,566	1.41
Iron	7,424	–	37.66	3,192	–	33.4
Molybdenum	61	921	0.151	54	867	0.16
Associated gold	7,727	83	1.07g/t	2,974	28	0.94g/t
Associated silver	7,727	677	8.76g/t	2,974	275	9.25g/t

Note:

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

Fengshan Project Summary

As at 31 December 2015, according to JORC standard, copper mineral resources and copper ore reserves of the Fengshan Project amounted to approximately 215,900 tonnes and 26.55 million tonnes, respectively. Further details are set out below:

Resources and reserves summary (JORC Code)

JORC classification (In licence CuEq>0.4%)	Quantity *(million tonnes)*	Cu *(%)*	Mo *(%)*	Metal Quantity Cu *(tonne)*	Metal Quantity Mo *(tonne)*
Resources					
Indicated	13.28	0.8	0.005	105,900	700
Inferred	13.27	0.8	0.014	110,000	1,860
Total	**26.55**	**0.80**	**0.010**	**215,900**	**2,560**
Reserves (CuEq>0.58%)					
Probable (in mining license)	6.60	0.85	0.004		
Total Probable	**6.60**	**0.85**	**0.004**		

Note:

(1) The mineral resource and ore reserve estimates prepared in accordance with JORC Code are based on information up to 31 December 2015. Please refer to the explanatory notes on page 19 for details of the assumptions and parameters used to calculate these resource and reserve numbers and quantities of metals.

Management Discussion and Analysis

As at 31 December 2015, according to PRC standard, copper mineral resources and copper ore reserves of the Fengshan Project amounted to approximately 183,156 tonnes and 20.397 million tonnes, respectively. Further details are set out below:

Resources and reserves summary (PRC standard)

Mines types	Accumulated			Retained		
	Ore quantity *(10,000 tonnes)*	Metal quantity *(tonne)*	Grade *(%)*	Ore quantity *(10,000 tonnes)*	Metal quantity *(tonne)*	Grade *(%)*
Copper	5,282.8	518,853	0.98	2,039.7	183,156	0.898
Associated gold	5,486.5	18.65	0.34g/t	2,243.4	6.367	0.28g/t
Associated silver	5,486.5	986.6	17.98g/t	2,243.4	342	15.24g/t
Coexisting and associated Molybdenum	583.4	4,058	0.07	497.2	3,856	0.078

Note:

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

Management Discussion and Analysis

Tongshankou Project Summary

As at 31 December 2015, according to JORC standard, copper mineral resources and copper ore reserves of the Tongshankou Project amounted to approximately 267,800 tonnes and 40.66 million tonnes, respectively. Further details are set out below:

Resources and reserves summary (JORC Code)

Cut Off Grade	JORC Classification	Quantity *(million tonnes)*	Cu *(%)*	Mo *(%)*
Resources				
In licence	Indicated	7.57	0.6	0.011
Open cut area	Inferred	0.11	0.4	0.003
CuEq>0.3%	**Total**	**7.68**	**0.6**	**0.011**
In licence	Indicated	16.82	0.7	0.008
Underground area	Inferred	14.42	0.6	0.023
CuEq>0.4%	**Total**	**31.24**	**0.7**	**0.015**
Out of licence	Indicated	0.06	0.40	0.033
Underground area	Inferred	1.69	0.8	0.040
CuEq>0.4%	**Total**	**1.75**	**0.8**	**0.040**
Total	Indicated	24.46	0.7	0.009
Open cut & underground area	Inferred	16.21	0.7	0.024
In and out of licence	**Total**	**40.66**	**0.7**	**0.015**
Reserves				
Open cut area (CuEq>0.38%)	Probable	6.90	0.60	0.013
Underground area (CuEq>0.61%)	Probable	2.90	0.84	0.005
	Total	**9.80**	**0.67**	**0.011**

Note:

(1) The mineral resource and ore reserve estimates prepared in accordance with JORC Code are based on information up to 31 December 2015. Please refer to the explanatory notes on page 19 for details of the assumptions and parameters used to calculate these resource and reserve numbers and quantities of metals.

Management Discussion and Analysis

As at 31 December 2015, according to PRC standard, copper mineral resources and copper ore reserves of the Tongshankou Project amounted to approximately 314,900 tonnes and 32.7887 million tonnes, respectively. Further details are set out below:

Resources and reserves summary (PRC standard)

Mines types	Accumulated			Retained		
	Ore quantity *(10,000 tonnes)*	Metal quantity *(tonne)*	Grade *(%)*	Ore quantity *(10,000 tonnes)*	Metal quantity *(tonne)*	Grade *(%)*
Copper	4,732.9	446,414	0.94	3,278.87	314,871	0.96
Low grade copper	1,216.4	44,815	0.37	831	30,690	0.37
Molybdenum	435.8	4,494	0.103	249.4	2,976	0.119
Associated Molybdenum	5,638.2	20,614	0.037	4,119.6	15,773	0.038

Note:

(1) The PRC resources reserve report was prepared by Huangshi City Jindi Mining Limited Company (黃石市金地礦業有限責任公司) and was verified by the Department of Land and Resources of Hubei Province as a valid report.

Chimashan Project Summary

As at 31 December 2015, according to JORC standard, copper mineral resources and copper ore reserves of the Chimashan Project amounted to approximately 4,680 tonnes and 553,000 tonnes, respectively. Further details are set out below:

Resources and reserves summary (JORC Code)

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

Note:

(1) The mineral resource and ore reserve estimates prepared in accordance with JORC Code are based on information up to 31 December 2015. Please refer to the explanatory notes on page 19 for details of the assumptions and parameters used to calculate these resource and reserve numbers and quantities of metals.

Management Discussion and Analysis

As at 31 December 2015, according to PRC standard, copper mineral resources and copper ore reserves of the Chimashan Project amounted to approximately 1,260 tonnes and 143,700 tonnes, respectively. Further details are set out below:

Resources and reserves summary (PRC standard)

Mines types	Accumulated			Retained		
	Ore quantity *(10,000 tonnes)*	Metal quantity *(tonne)*	Grade *(%)*	Ore quantity *(10,000 tonnes)*	Metal quantity *(tonne)*	Grade *(%)*
Copper	554.6	65,310	1.18	14.37	1,261	0.88

Note:

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

Sareke Project Summary

As at 31 December 2015, according to JORC standard, copper mineral resources and copper ore reserves of the Sareke Project amounted to approximately 210,000 tonnes and 19.91 million tonnes, respectively. Further details are set out below:

Mineral Resources summary (JORC Code)

	JORC Classification	Resources tonnage *(million tonnes)*	Copper grade *(%)*	Copper metal *(tonnes)*
Resources	Indicated	18.01	1.08	194,508
	Inferred	1.90	0.82	15,540
	Total	**19.91**	**1.05**	**210,048**

Minerals reserves summary (JORC Code)

	Elevation (m)	Probable		Metal Quantity
		Tonnage (1,000 tonnes)	*Copper (%)*	*(tonne)*
Reserves	>=2,900	490	0.95	4,690
	2,790~2,900	748	0.81	6,040
	2,730~2,790	772	1.11	8,490
	2,670~2,730	5,130	1.39	71,230
	<=2,670	2,561	0.71	18,120
	Total	**9,701**	**1.12**	**108,570**

Note:

(1) The mineral resource and ore reserve estimates prepared in accordance with JORC Code are based on information up to 31 December 2015. Please refer to the explanatory notes on page 19 for details of the assumptions and parameters used to calculate these resource and reserve numbers and quantities of metals.

Management Discussion and Analysis

As at 31 December 2015, according to PRC standard, copper mineral resources and copper ore reserves of the Sareke Project amounted to approximately 529,200 tonnes and 63.744 million tonnes, respectively. Further details are set out below:

Resources summary (PRC standard)

Mines types	Retained Ore quantity *(10,000 tonnes)*	 Metal quantity *(tonne)*	 Grade *(%)*
Copper	6,374.4	529,199	0.84
Associated silver	–	660	10.48

Note:

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

Hami Project Summary

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

Mineral resources summary (JORC Code)

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

Note:

(1) There was no material change in these estimates during the period from 15 November 2012 to 31 December 2015.

Management Discussion and Analysis

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

Information Summary (PRC standard)

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

Note:

(1) There was no material change in these estimates during the period from 15 November 2012 to 31 December 2015.

Notes for the above tables:

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

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

(3) Mineral resources were defined within a mineralized envelop above 0.3% copper equivalent, and reported at a cut-off grade of 0.4% copper equivalent for underground operations and 0.3% copper equivalent for open pit operations.

(4) Ore reserves are estimated using minimum cut-off grades of 0.9%, 0.58%, 0.38%, 0.61%, and 0.60% copper equivalent for the Tonglvshan Mine, the Fengshan Mine, the open pit mining at the Tongshankou Mine, the underground mining at the Tongshankou Mine and the Chimashan Mine, respectively.

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

	Tonglvshan	Fengshan	Tongshankou	Chimashan
Copper *(RMB/t)*	29,083	29,083	29,083	48,935.00
Iron *(RMB/t)*	399			
Gold *(RMB/g)*	194.47			235.00
Silver *(RMB/g)*	2.04			6.00
Molybdenum *(RMB/kg)*		72.16	72.16	207.00

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

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

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

Management Discussion and Analysis

EXPLORATION, DEVELOPMENT AND MINING PRODUCTION ACTIVITIES

Description of activities

The following table sets out the various exploration, development and mining activities of the Group conducted at each of our mines during the year ended 31 December 2015:

Mine	Activities		
	Exploration	Development	Mining
Tonglvshan Mine	1. Drilling depth of capacity upgrade reached 3,809.69 meters/22 holes; 2. Drilling depth of integrated in-depth investigation and surrounding investigation of Tonglvshan Mine reached 3,169.61 meters/3 holes.	From January 2015 to December 2015, the total drilling volume of mining work of No. XI ore body was 7,658.17m/87,882.65m^3. Since the beginning of the project, the accumulative completed drilling volume was 22,407.99m/308,609.04m^3. In 2015, the middle portions of -785m and -845m , the drilling volume using standard ramp method of 76,584m^3 and the construction of six systems were completed. From January 2015 to December 2015, the accumulative completed drilling volume for the development of Tonglvshan Mine -485m middle portion was 1,620.57m/17,822.88m^3. From the start of the project until the end of 2015, the drilling volume of 134,362m^3 and partial installation were completed. In 2015, the second and the third layers have been separated and the drilling volume for the middle portion reached 42,000m^3.	• Copper: 13,110 tonnes • Gold: 673 kg • Silver: 5,276 kg • Iron concentrates: 258,600 tonnes
Fengshan Mine	Drilling depth of capacity upgrade reached 4,106.63 meters/19 holes.	From January 2015 to December 2015, the accumulative completed drilling volume was 1,772m/23,223m^3. The main body of the new northern ventilation shaft (新北風井), a -440m pump room and an underground electrical distribution room were completed while the ramps in southern and northern edges and the development of -380m middle portion were still under construction.	• Copper: 5,506 tonnes • Gold: 168 kg • Silver: 5,260 kg • Molybdenum: 92.3 tonnes

Mine	Activities		
	Exploration	Development	Mining
Tongshankou Mine	1. Drilling depth of capacity upgrade reached 4,678.84 meters/12 holes; 2. Drilling depth of alternative resources exploration reached 734.49 meters/1 hole.	From January 2015 to December 2015, the total drilling volume was 11.66m/469.23m^3, and the volume under supporting structure (支護量) was 113.36m^3. Construction and installation of drilling towers in alternative and main wells, an air compressor room, comprehensive office buildings and the construction of an industrial site were completed. They were ready for operation in 2015. From the start of the project until the end of 2015, the alternative and main wells, the drilling of ventilation shafts, ramps and the development of the middle portion were completed with construction volume for mining preparation reaching 21,240.19m/293,948.6m^3.	• Copper: 6,334 tonnes • Silver: 2,312 kg • Molybdenum: 18.9 tonnes
Chimashan Mine	Drilling depth of alternative resources exploration reached 1,902.05 meters/3 holes.	N/A	• Copper: 94 tonnes • Gold: 3 kg • Silver: 104 kg
Sareke Copper Mine	The exploration primarily focused on the southern mine where drilling depth reached 7,636.86 meters with 26 holes. The drilling depth of horizontal drilling ore in the pit of the northern mine reached 4,499.8 meters with 61 holes.	The development of well and tunnels reached 2,900m. The finishing work of the tailing ponds had been completed. The infrastructure and equipment installation of the main plant had been completed. The load adjustment and testing as well as trial-production for mining and mineral processing equipment have commenced. Comparing with the full-loaded production capacity of Sareke Copper Mine, the production in 2015 only accounted for 30% of the annual production volume during the production period.	Trial production
Hami Mine	Drilling depth of west mineral deposit exploration reached 620.38 meters	N/A	N/A

Management Discussion and Analysis

Expenditures incurred

During 2015, we incurred approximately RMB1,507,898,000 (2014: RMB1,975,865,000) on exploration, development and mining production activities, details of which are set out below:

Unit: RMB'000

Mines	Operating expenses	Capital expenditure	2015 Total	2014 Total
Tonglvshan Mine	513,678	121,219	634,897	827,934
Fengshan Mine	195,902	53,130	249,032	256,352
Tongshankou Mine	310,638	169,659	480,297	610,949
Chimashan Mine	20,177	5,327	25,504	36,164
Sareke Copper Mine	2,122	115,223	117,345	241,467
Hami Mine	–	823	823	2,999
	1,042,517	465,381	1,507,898	1,975,865

Exploration, Development and Mining Expenditures

Unit: RMB'000

	Tonglvshan Mine	Fengshan Mine	Tongshankou Mine	Chimashan Mine	Sareke Copper Mine	Hami Mine
Exploration activities						
Drilling and analysis	N/A	4,374	6,646	1,769	N/A	823
Others	N/A	N/A	N/A	N/A	N/A	N/A
Sub-total	N/A	4,374	6,646	1,769	N/A	823
Development activities (including mine construction)						
Purchases of assets and equipment	39,637	3,076	10,099	238	51,699	N/A
Civil work for construction of tunnels and roads	79,539	44,433	142,836	2,752	31,502	N/A
Staff cost	N/A	N/A	N/A	N/A	32,022	N/A
Others	2,043	1,247	10,078	568	N/A	N/A
Sub-total	121,219	48,756	163,013	3,558	115,223	N/A
Mining activities (including ore processing)						
Auxiliary materials	42,140	9,810	35,091	1,991	N/A	N/A
Power	49,886	20,075	30,036	1,458	N/A	N/A
Staff cost	151,696	74,996	72,286	5,954	N/A	N/A
Depreciation	96,351	19,025	69,709	3,132	N/A	N/A
Taxation (taxes, resource compensation)	28,338	10,580	12,608	750	N/A	N/A
Sub-contracting service	38,780	12,818	17,004	567	N/A	N/A
Others (administrative fees, selling expenses, operating surcharges)	106,487	48,598	73,904	6,325	2,122	N/A
Sub-total	513,678	195,902	310,638	20,177	2,122	N/A
Total	634,897	249,032	480,297	25,504	117,345	823

Management Discussion and Analysis

Infrastructure projects, subcontracting arrangements and purchases of equipment

During 2015, the new contracts entered into and commitments undertaken by the Group in relation to exploration, development and mining production activities were as follows:

Unit: RMB'000

	Infrastructure projects, subcontracting arrangements and purchases of equipment			
	Infrastructure projects	Subcontracting arrangements	Purchase of equipment	Total
Tonglvshan Mine	78,340	–	27,753	106,093
Fengshan Mine	4,910	–	6,303	11,213
Tongshankou Mine	138,910	–	18,107	157,017
Chimashan Mine	–	–	279	279
Sareke Copper Mine	26,141	4,912	3,994	35,047
Hami Mine	–	–	–	–
Total	248,301	4,912	56,436	309,649

OPERATING OBJECTIVES AND STRATEGIES IN 2016

The main production targets of the Group for 2016 include producing 23,800 tonnes of mined copper, 413,900 tonnes of copper cathode, 20 tonnes of gold, 1,000 tonnes of silver, 1,050,000 tonnes of sulphuric acid, 240,000 tonnes of iron concentrate, 80 tonnes of molybdenum concentrate (containing molybdenum), 12 kg of platinum, 140 kg of palladium, 600 kg of ammonium perrhenate, 360 tonnes of nickel sulfate (containing metal), 170 tonnes of crude selenium and 16 tonnes of tellurium.

The Group also targets to achieve recovery rates of copper milling of 88.59% or more, copper smelting of 97.69% or more, gold of 93% or more and silver of 92.01% or more.

In order to achieve the above targets, the Group will strive to strengthen itself through the following aspects:

(I) To optimize production lines and improve production volume based on the market conditions

The metallurgical unit will improve its efficiency forecast and establish an efficiency model, in order to capitalize its economics of scale and reduce production cost by leveraging on the advantages on technology and equipment. The Company targets to maintain the utilization rate of Ausmelt furnace above 94.5% and will strive for optimizing the coordination of its production lines. The Company will offer well-planned preventive maintenance for its equipment and set up an emergency team to handle malfunction at anytime, so as to secure the annual production of copper concentrate containing copper of 300,000 tonnes. In addition, the Company will optimize its smoke discharge system of its converter and fugitive gas collection system, and improve the technology and daily management of sulphuric acid III system. With an aim to reducing environmental protection cost, the Company will focus on the sulfur balance and strive to control the emission of sulfur dioxide to below 5,000 tonnes. The Company will also enhance the management on water balance test, so as to control the discharge of water of smelting pool to below 5,000 tonnes.

Management Discussion and Analysis

(II) To improve cost control and cost efficiency

The Company will adopt benchmarking management approach and set up an effective mechanism to reduce cost. The Company will regard quality of products, management cost, consumption, investment returns and other efficiency indicators as benchmark and refine benchmarking plans by levels, so as to effectively improve the items which do not meet the corresponding benchmarks.

(III) To enhance technology research and commercialization of the research achievement, so as to generate profit from technology

Further capitalizing on its research platform, the Company will focus on major technology development projects and the promotion and application of the technological achievement, including new filling materials, safe and efficient mining methods, resin adsorption of liquid after dissolving copper and diffusion of metal in rare and previous metal plant. The Company will carry out research on the technologies to reduce the silver content in copper cathode, and copper content in slag in Ausmelt furnace and converter. The Company will also make good use of recycled resources.

(IV) To consolidate the basic management and improve the management efficiency and performance

1. The Company will enhance its comprehensive budget management. The Company will further refine the standard systems for budget control. The Company will also enhance the analysis in the event that the budget deviates from the actual result and also strengthen the supervision on the process of the planning of budget.

2. The Company will improve the management on safety and environmental protection. The Company will strictly adopt measures on the accountability of safety production and environment protection. In addition, the Company will establish safety management system for employees, environment protection management system and risk prevention system. As such, potential risks can be avoided and the safety and environment protection management can be enhanced comprehensively.

(V) To strengthen innovation, promote key projects and improve sustainable development

1. The Company will accelerate the improvement of mine and smelting systems and promote the intelligent upgrade of traditional production. In line with corporate practices, the Company will further upgrade and improve traditional production by enhancing the levels of intelligence, automation and informatization, in order to create a world-class non-ferrous metal production base.

2. The Company will make persistent efforts to explore resources, striving for a significant increase in resources controlled by the Group for 2016. The Company will carry out mine exploration and capacity upgrade of fringe, in-depth and peripheral areas of internal mines of the Group. The Company will accelerate the expansion of mining licenses of internal mines. By seeking cooperation opportunities, the Company will strive for new achievements in domestic and foreign resource exploration.

3. The Company will coordinate the construction of mining infrastructure. The planed drilling volume of Tonglvshan Mine and Fengshan Mine is 148,000m^3 and 23,500m^3, respectively. The Company will formulate the plan of deep mining. For Tongshankou Mine, the planed drilling volume is 67,700m^3. The Company will also carry out preliminary works of the southern mine of Sareke Copper Mine.

4. The Company will further refine the smelting system and accelerate the acid waste sludge treatment project for smelting plant. The Company will finalize the flood-interception trench of the water and sewage diversion project, complete all preliminary works of the centralized scrap copper recycling project, such as construction drawing design, and commence construction in the second quarter.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2015.

EQUITY

The Company's issued and fully paid share capital as at 31 December 2015 amounted to approximately RMB727,893,000 divided into 17,895,579,706 ordinary shares of HK$0.05 each.

FINANCIAL MANAGEMENT AND TREASURY POLICY

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

During the year, the Group's receipts and payments were mainly denominated in RMB.

The Group will continue to closely monitor the foreign exchange risk arising from RMB and may consider hedging significant exposure of such risk in the future.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2015, the Group had restricted deposits and bank balances, bank and other deposits, bank balances and cash of approximately RMB1,843,135,000 (2014: RMB2,294,018,000), of which the majority were denominated in Renminbi. The Group's current ratio was approximately 1.01 (2014: 1.05), based on current assets of approximately RMB7,577,245,000 (2014: RMB7,837,227,000) divided by current liabilities of approximately RMB7,467,210,000 (2014: RMB7,494,605,000). The Group's gearing ratio as at 31 December 2015 was approximately 326.33% (2014: 230.80%), based on net debts (which included bank and other borrowings and convertible note/bonds less restricted deposits (excluding other deposits held in futures exchanges and certain financial institutions as security for the commodities derivative and currency forward contracts) and bank balances, bank and other deposits, bank balances and cash) of approximately RMB8,564,240,000 (2014: RMB8,183,718,000) and equity attributable to owners of the Company of approximately RMB2,624,443,000 (2014: RMB3,545,771,000). The increase in gearing ratio was attributable to the decrease in equity attributable to owners of the Company due to the effect of the loss for the year.

Management Discussion and Analysis

As at 31 December 2015, the Group had sufficient funding to pay off all its outstanding liabilities and meet its working capital requirement.

During the year ended 31 December 2015, the Group incurred capital expenditure of approximately RMB12,650,000 (2014: RMB27,338,000) for exploration activities.

BORROWINGS

As at 31 December 2015, the Group's total debts (which comprise non-current and current bank and other borrowings and convertible note/bonds) amounted to approximately RMB10,269,119,000 (2014: RMB10,360,487,000). The decrease in debts was primarily due to the repayment of the Group's bank and other borrowings for the year ended 31 December 2015.

As at 31 December 2015, the Group had bank and other borrowings of approximately RMB3,579,419,000 (2014: RMB5,021,480,000) and RMB5,259,341,000 (2014: RMB3,961,088,000) which was due within one year and after one year respectively. The majority of the Group's bank and other borrowings were denominated in Renminbi. Included in bank and other borrowings of RMB93,361,000 (2014: RMB50,675,000) were advances from banks and Daye Finance Company for discounted bills with the same amount. The majority of the Group's bank and other borrowings were at fixed interest rate.

FOREIGN EXCHANGE RISK

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

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

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

Management Discussion and Analysis

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not make any material acquisition or disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2015.

CHARGES ON ASSETS

As at 31 December 2015, other deposits which amounted to RMB138,256,000 (2014: RMB117,249,000) were held in futures exchanges and certain financial institutions as security for the commodities derivative and currency forward contracts, and other financing were secured by bank deposits and balances amounting to RMB410,980,000 (2014: RMB775,583,000).

CONTINGENT LIABILITIES

As at 31 December 2015, the Group had no contingent liabilities.

Report of the Directors

BUSINESS REVIEW

A review of the business of the Group during the year as well as a discussion on the Group's future business development are contained in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 6 to 7 and pages 23 to 25 respectively of this annual report. A description of the principal risks and uncertainties facing the Company is set out in the section headed "Chairman's Statement" on page 8.

An analysis of the Group's performance during the year using key financial performance indicators is set out in the section headed "Management Discussion and Analysis" of this annual report.

Discussions on the Group's environmental policies and performance, compliance with relevant laws and regulations which have a significant impact on the Group, relationships with its key stakeholders, and the organisation and resources of the Group are set out in the paragraphs below:

Environmental policies and performance

The Group strictly enforced the new Environmental Protection Law by adhering to the development principles of Green, Clean, Recycle and Low-carbon. In compliance with the requirements of specified responsibilities, stringent enforcement and results-based approach, the Company has undertook critical examinations and imposed severe penalties, promoted reforms, implemented accountability and focused on rectifying significant environmental problems. The Company has also promoted to develop "Green Daye (環保有色)" in a steady and progressive manner and maintained the efficiency of the environmental management system. As a result, the performance of pollutant and emission reduction was remarkable. The 2015 environmental targets were achieved in a satisfactory manner which facilitated a balanced development of the Company and the environment.

1. Annual goal of developing "Green Daye (環保有色)" was achieved.

   In 2015, the Group focused on environmental protection management and realized the annual goal of developing "Green Daye (環保有色)". There was no incidents of large-scale or serious environmental pollution, and the emission of waste water, exhaust gas and noises satisfied the applicable standards. Recycling rate of waste water from smelting process was no less than 95%. Water consumption for production of each ton of copper was no more than 23 tons. Recycling rate of waste water from mining and mineral processing was no less than 75%. Management of hazardous wastes and radiation was in compliance with applicable laws and regulations.

2. Development of "green mines" and "clean plants" achieved breakthroughs.

   The Group proactively pushed forward the promotion of ecological civilization by building "green mines" and "clean plants". Heavy oil was replaced with natural gas in the furnaces of the smelting plant. Clean energy was used to control pollution from the source. Tonglvshan Mine and Fengshan Mine have completed the first assessment of clean production and obtained approval. The Group also exerted efforts to build a "clean, green, bright and refined" mine in the Fengshan Mine by planting numerous trees and nurseries as well as grassing in the first half of the year, and greening and land reclamation were carried out in the production zones, living zones and stacking yards.

3. Key environmental control projects achieved significant results.

   In 2015, the Group continued to push forward the establishment of key environmental control projects, including integrated treatment of exhausted gases, segregation of clean water from waste water and transformation of acid waste. The Group also invested in systems including tailings dam, cut-off wall, tailing reclamation, sewage treatment, water recycling and dust recycling. With the efforts of all members of the Group, most of the projects have been completed and launched. The commencement of operation of these projects enhanced the environmental protection level of the Group.

Compliance with Laws and Regulations

The business operation of the Group is mainly located in the PRC. We are subject to the PRC laws and regulations, including but not limited to the following:

1. Energy conservation: the Group has vigorously promoted the energy conservation and emission reduction through accelerating industrial upgrade based on its actual condition in accordance with relevant laws and regulations on energy of the PRC, including Energy Conservation Law of the PRC (《中華人民共和國節約能源法》), Cleaner Production Promotion Law of the PRC (《中華人民共和國清潔生產促進法》), Electricity Law of the PRC (《中華人民共和國電力法》), Mineral Resources Law of the PRC (《中華人民共和國礦產資源法》), and relevant national standards, including the Comprehensive Working Program for Energy Conservation and Emission Reduction in the 12th Five-Year Plan Period (《「十二五」節能減排綜合性工作方案》), Measures for the Supervision and Administration of Energy Measurement (《能源計量監督管理辦法》), Energy Conservation and Emission Reduction Plan during the "Twelfth Five-Year Plan" Period (《節能減排「十二五」規劃》) and Regulations on Copper Smelting Industry (《銅冶煉行業規範條件》). The Group has constantly improved the level of energy conservation through upgrading the mining and smelting facilities and processes by bringing in advanced technologies and equipment.

2. Environmental protection: based on its actual condition, the Group has established an advanced acid production system with copper smelting smoke (煙氣製酸系統) which significantly improved the utilization of sulfur in accordance with requirements of laws and regulations, such as the PRC Law on the Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》), the PRC Law on the Prevention and Control of Air Pollution (《中華人民共和國大氣污染防治法》) and Environmental Protection Law of the PRC (《中華人民共和國環境保護法》). The Group conducted technical transformation and enhanced its efforts in environmental management. It has successively built up four heavy metal treatment projects, namely, the renovation projects in relation to processed well water and waste water from washing mine-cars (備料井水及洗車台廢水改造工程), drying kiln dust collection system (乾燥窑收塵系統改造工程), waste acid and sewage treatment. The pollutant emission was significantly reduced. The Group also strengthened its management on the operation and technical control of the environmental protection facilities, which ensured that the emission of various pollutant met relevant standards, and the environment of the plant was thoroughly improved.

In addition, as a listed company in Hong Kong, the Group is subject to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, Codes on Takeovers and Mergers and Share Buy-backs, Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) etc.

Relationship with customers

Maintaining and consolidating its relationship with customers is crucial to increasing the profits of the Company. When carrying out business with customers, the Group has adopted various methods to collect and report their needs and expectations and taken corresponding measures for improvement. The results of such measures were reviewed and feedbacks were provided to the customers. The main duties include recording verbal or implied feedbacks, opinions, suggestions, complaints or praises of customers when communicating with the customers and conducting a customer satisfaction survey by sending out questionnaires to the customers etc..

Relationship with suppliers

Part of the Group's copper raw materials is required to be purchased in both overseas and domestic markets. As a result, maintaining a sound relationship with raw materials suppliers is always the most important task in our raw materials procurement.

Before developing a business relationship with any raw materials supplier, the Company will specify its conditions and future developments, express a long-term cooperation plan and outline an outlook of the development of the cooperation to the suppliers, so as to determine a reasonable procurement price.

In addition, the Group continues to secure a group of quality copper ore suppliers by conducting regular evaluations, so as to lay a solid foundation for the smelting production of the Group.

Organisation and resources of the group

To successfully implement the strategies approved by the Board, we must ensure that we have an efficient organisation structure, adequate resources and necessary capabilities. Our organisation structure has been continuously optimized to support the Group's investment strategies and its efficient and safe business operations. In addition, our structure has to be flexible enough to adapt to an increasingly complex and volatile business environment. The tables below set out the details of the Group's employee distribution as at the end of 2015:

Age				
Below 18	18 to 29	30 to 39	40 to 49	50 or above
0	753	2,973	3,508	1,111

Gender	
Male	Female
6,367	1,978

Employment Type	
Permanent	Short-term contract
100%	–

In each of our operation areas, the majority of employees are locally recruited. However, operating business at home and abroad, we also need to allocate staff to different business areas for reasons including individual development, transfer of know-how and project resource distribution.

Our core requirement is to ensure that we can attract, retain and deploy employees to satisfy the rapid development of the Company and maintain our remarkable performance in the non-ferrous metal industry. We have adopted a manpower forecasting model to project our recruitment and training needs for skilled labour over the next five years and develop our resource distribution plans. In 2015, we recruited 135 new staff with average age of 24.51, far below the average age of the workforce in Mainland China.

We are able to attract and retain staff mainly because of our competitive remuneration, comprehensive retirement and medical benefits, appealing vacation provisions and attractive career development opportunities for high performers.

The Group's internal promotion rate is higher than that of external recruitment, reflecting its attractive career development opportunities for employees under its strong management development and succession plans. While the majority of individual development is derived from on-the-job experience, we are also committed to investing in formal training and development programmes, covering specific work skills, general management or supervisory skills and language training. These programmes are either organised internally or provided through external courses and conferences. The tables below set out the percentage of employees trained of the Group by gender and level, as well as the average training hours per employee during the year ended 31 December 2015:

% of employee trained		Average training hours per employee
Male	Female	Number of hours
82.95	82.7	24

% of employee trained			
Managerial	Professional	General and technical staff	Total
100	100	75	80.25

To support the Group's succession plans, we carried out a number of regular development programmes for the management of the Group to identify successors and other high potential staff. In addition to their formal training, these programmes also strengthened their personal networks across the Group and exposed participants to a cross-cultural learning environment.

The excellent ability of the Group to retain staff is reflected in its voluntary turnover rates, which are typically lower than the local market average in most of its business segments. The tables below set out the voluntary staff turnover rate of the Group by age group and gender during the year ended 31 December 2015:

Voluntary turnover rate (%)				
Below 18	18 to 29	30 to 39	40 to 49	50 or above
0	8.23	1.45	0.77	0.54

Voluntary turnover rate (%)		
Male	Female	Overall
1.87	0.096	1.65

To make good use of its talent pool, the Group has deployed its employees by matching their major skills with the needs of its different businesses. Moreover, the Group has recruited and retained employees with valuable experience in order to ensure that its core expertise remains intact regardless of staff retirement or other external reasons.

Report of the Directors

The directors of the Company (the "Director(s)") have the pleasure in presenting their report and the audited consolidated financial statements of the Group for the year ended 31 December 2015. A summary of the financial information of the Group for each of the five years ended 31 December 2015 is presented below.

FIVE-YEAR FINANCIAL SUMMARY

Summary of selected items of consolidated statement of comprehensive income

	For the year ended 31 December				
	2015	2014	2013	2012	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (restated)
Revenue	**39,361,792**	42,808,295	43,598,452	28,878,123	27,144,759
(Loss)/profit for the year attributable to owners of the Company	**(976,337)**	(95,553)	(1,949,229)	157,176	149,275
Non-controlling interests	**(213,888)**	(31,016)	(18,496)	6,476	31,836
(Loss)/profit for the year	**(1,190,225)**	(126,569)	(1,967,725)	163,652	181,111

Summary of selected items of consolidated statement of financial position

	As at 31 December				
	2015	2014	2013	2012	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (restated)
Assets					
Current assets	**7,577,245**	7,837,227	8,899,313	7,559,770	5,882,615
Non-current assets	**8,995,000**	9,329,377	8,895,871	9,795,973	5,840,049
Total assets	**16,572,245**	17,166,604	17,795,184	17,355,743	11,722,664
Liabilities					
Current liabilities	**7,467,210**	7,494,605	8,845,645	7,379,410	5,864,248
Non-current liabilities	**6,321,184**	5,752,932	4,976,939	4,050,845	2,076,233
Total liabilities	**13,788,394**	13,247,537	13,822,584	11,430,255	7,940,481
	2,783,851	3,919,067	3,972,600	5,925,488	3,782,183
Equity attributable to:					
Owners of the Company	**2,624,443**	3,545,771	3,568,288	5,492,448	3,606,072
Non-controlling interests	**159,408**	373,296	404,312	433,040	176,111
	2,783,851	3,919,067	3,972,600	5,925,488	3,782,183

Report of the Directors

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Company are set out in notes 1 and 41 to the consolidated financial statements.

The Group's revenue and segment information for the year ended 31 December 2015 is set out in note 6 to 7 to the consolidated financial statements, respectively.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on page 67 of this report.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: Nil). No interim dividend was declared during the year (2014: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2015 are set out in note 16 to the consolidated financial statements.

CONVERTIBLE BONDS

During the year ended 31 December 2015, an aggregate principal amount of RMB136,000,000 of the convertible bonds was converted into 567,668,520 new ordinary shares of HK$0.05 each by the bondholders and there were no redemption of the convertible bonds by the Company. Please refer to note 31 to the consolidated financial statements for further details.

SHARE CAPITAL AND CONVERTIBLE NOTE

Details of movements in the Company's share capital and convertible note during the year ended 31 December 2015 are set out in notes 34 and 31, respectively, to the consolidated financial statements.

Save for the convertible note/bonds as set out in note 31 to the consolidated financial statements, the Company had no outstanding convertible securities, options, warrants or other similar rights as at 31 December 2015.

PRE-EMPTIVE RIGHTS

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

RESERVES

Details of movements in the reserves of the Group during the year ended 31 December 2015 are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 December 2015, the Company had retained profits of RMB2,393,955,000 available for distribution to the Shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year under review, the Company had not redeemed any of its listed securities and neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities.

Report of the Directors

DIRECTORS

The Directors during the year ended 31 December 2015 and up to the date of this report were:

Executive Directors

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

Independent Non-executive Directors

Wang Qihong
Wang Guoqi
Liu Jishun

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

DIRECTORS' SERVICE CONTRACTS

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

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

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

As at 31 December 2015, the interests and short positions of the Directors and chief executive of the Company in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules"), were as follows:

Name of Director	Capacity	Nature of interest	Number of shares	Approximate percentage of shareholding (%) *(Note 2)*
Wang Qihong	Beneficial Owner	Personal	594,000	0.01
	Interest of Spouse	Personal	1,000,000 *(Note 1)*	0.01
Wang Guoqi	Beneficial Owner	Personal	600,000	0.01

Notes:

1. Mr. Wang Qihong is deemed to be interested in 1,000,000 shares through the interests of his spouse, Ms. Geng Shuang, pursuant to Part XV of the SFO.

2. The percentage of shareholding is calculated based on 17,895,579,706 issued shares of the Company as at 31 December 2015.

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

SUBSTANTIAL SHAREHOLDERS' INTEREST AND SHORT POSITIONS IN SECURITIES

As at 31 December 2015, so far as is known to the Directors, the following persons, other than the Directors and chief executive of the Company, had interests in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long positions in shares/underlying shares of the Company

Name of Shareholder	Capacity	Number of shares/ underlying shares	Approximate percentage of total shares in issue as at 31 December 2015
China Times Development Limited	Beneficial owner	13,970,671,176 shares *(Note 1)*	78.07% *(Note 4)*
Daye Nonferrous Metals Group Holding Co., Ltd.	Interest in a controlled corporation	13,970,671,176 shares *(Notes 1 and 2)*	78.07% *(Note 4)*
China Cinda (HK) Asset Management Co., Limited	Beneficial owner	936,953,542 shares	5.24% *(Note 4)*
China Cinda Asset Management Co., Limited	Interest in a controlled corporation	936,953,542 shares *(Note 3)*	5.24% *(Note 4)*

Notes:

1. Include 2,007,672,096 shares which may be issued upon the exercise of convertible bonds.

2. These shares were held by China Times Development Limited, the entire issued capital of which were beneficially owned by Daye Nonferrous Metals Group Holding Co., Ltd..

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

4. This percentage is calculated based on 17,895,579,706 issued shares of the Company as at 31 December 2015.

Report of the Directors

Save as disclosed above, as at 31 December 2015, the Directors are not aware of any other persons, other than the Directors and chief executive of the Company who had interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance in relation to the Group's business to which the Group, its holding company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2015.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors was interested in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business during the year ended 31 December 2015.

BIOGRAPHICAL DETAILS OF DIRECTORS

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

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2015.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2015, the Group's major income was generated from trading of non-ferrous metals.

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

— The largest customer	17%
— Five largest customers	42%

The purchases from the Group's major suppliers as a percentage of the Group's purchases was as follows:

— The largest supplier	15%
— Five largest suppliers	36%

At no time during the year ended 31 December 2015 did a Director, an associate of a Director or a Shareholder (which to the knowledge of the Directors own more than 5% of the issued capital of the Company) had any interest in the Group's major customers and suppliers disclosed above.

Report of the Directors

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

During the year ended 31 December 2015, at no time was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

CONNECTED TRANSACTIONS

The Company entered into various agreements with Daye Nonferrous Metals Group Holding Co., Ltd. (the "Parent Company") and certain of the Company's other connected persons. Details of their relationship with the Company are set out below:

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

Report of the Directors

A. Financial Services Framework agreement

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

B. Supplemental Financial Services Framework Agreement

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

C. CNMC Purchase and Production Services Framework Agreement

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

D. CNMC Sales Framework Agreement

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

E. New Sales Framework Agreement

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

F. New Services Framework Agreement

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

G. New Combined Ancillary Services Framework Agreement

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

H. New Purchase and Production Services Framework Agreement

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

I. Asset Lease Framework Agreement

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

J. New Daye Transportation Purchase Framework Agreement

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

K. New Tonghua Hotel Services Framework Agreement

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

L. Land Lease Framework Agreement

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

M. Lease Agreement

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

N. Relocation and Demolition Services Agreement

Date	30 January 2015
Parties	1. Daye Metal 2. Parent Company
Subject matter	Pursuant to the agreement, Daye Metal entrusted the Parent Company with the relocation and demolition of 40 households at the site of the production demonstration project for the construction of a copper processing plant of a processing capacity of 300,000 tonnes located at Ye Lian Road, Xin Xia Lu, Huangshi City, Hubei Province, the PRC, including reimbursement of the demolition of old units and the relocation of residents to new units at Jin Hua No. 6 Building
Consideration	The consideration payable by Daye Metal to the Parent Company shall be based on (i) the unit construction cost of Jin Hua No. 6 Building (estimated to be RMB3,500 per square metre) ; (ii) the estimated area of the new units at Jin Hua No. 6 Building; and (iii) the compensation amount in respect of the excess of the actual area over the original area of 2,145.56 square metres, on the following basis: (1) 30% of the unit construction cost in respect of excess area of 1–5 square metres; and (2) 20% of the unit construction cost in respect of excess area of 5–10 square metres. The part of the excess area of over 10 square metres shall not be subject to any compensation amount. The consideration is estimated to be RMB7.85 million in total, and in any event, shall not exceed RMB9 million.

The consideration was determined by the parties after arm's length negotiations with reference to the construction cost for the new units at Jin Hua No. 6 Building and the area of the new units at Jin Hua No. 6 Building as determined by a third party appointed by Daye Metal and the Parent Company.

Confirmation from the Independent Non-Executive Directors

The independent non-executive Directors confirmed that the internal control procedures put in place by the issuer are adequate and effective.

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

Save as disclosed above, none of the transactions disclosed as related party transactions in note 40 to the consolidated financial statements is a connected transaction or a continuing connected transaction of the Company under the Listing Rules, and the Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Confirmation from the Auditor

The Company's auditor has been engaged to report on the continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

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

a. nothing has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Company's board of directors;

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

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

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

INDEPENDENCE CONFIRMATION

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

Report of the Directors

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2015, the Group had 8,345 employees (2014: 9,231). The Group's total staff cost for the year was approximately RMB741,760,000 (2014: RMB683,190,000). The remuneration package of staff consists of basic salary, mandatory provident fund, insurances and other benefits as considered appropriate.

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

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules during the year ended 31 December 2015 and as of the date of this report.

PARTICULARS OF IMPORTANT EVENTS AFTER THE FINANCIAL YEAR END

(a) On 23 December 2015, the Group entered into a sale and leaseback agreement with a financing company whereby the financing company agreed to purchase certain equipment of the Group (the "Equipment") at a purchase price of RMB500,000,000 and lease back the Equipment to the Group for a period of eight years subject to the terms and conditions of the sale and leaseback agreement. The purchase was completed in January 2016.

    The details of the above transactions are set out in the Company's announcement dated 23 December 2015 and the Company's circular dated 25 January 2016.

    Upon discharging all the Group's obligations under the sale and leaseback agreement, the financing company will return the ownership of the Equipment to the Group for a nominal amount of RMB1.

(b) Subsequent to the end of the reporting period, on 29 March 2016, a non-wholly-owned subsidiary of the Company entered into a sales framework agreement and a purchase framework agreement with an associate of the Parent Company for the sale and purchase of certain products to and from that entity. The transactions contemplated under each of the above agreements constitute continuing connected transactions under the Listing Rules.

    Details of the above transactions are set out in the Company's announcement dated 29 March 2016.

AUDITOR

Messrs. Deloitte Touche Tohmatsu ("Deloitte") was appointed as the auditor of the Company for the year ended 31 December 2015. Deloitte will retire and being eligible, offer themselves for re-appointments at the forthcoming annual general meeting of the company. A resolution will be submitted to the forthcoming annual general meeting to re-appoint Deloitte as the auditor of the Company.

Report of the Directors

PROFESSIONAL TAX ADVICE RECOMMENDED

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

BOARD'S RESPONSIBILITIES FOR THE ACCOUNTS

The Board is responsible for the preparation of accounts for each financial period, which gives a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing these accounts for the year ended 31 December 2015, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent and reasonable, and has prepared the accounts on a going concern basis.

On behalf of the Board
Zhang Lin
Chairman

Corporate Governance Report

The Company recognizes the importance of maintaining a high standard of corporate governance. The Company believes that an effective corporate governance practice is fundamental to enhancing shareholder value and safeguarding the interests of Shareholders and other stakeholders. The Board sets appropriate policies and implements corporate government practices appropriate to the conduct and growth of the Group's business. The code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the "CG Code") have been adopted to shape the Company's corporate governance structure. This corporate governance report describes how the principles of the CG Code have been applied during the year ended 31 December 2015 under different aspects.

CG CODE COMPLIANCE

For the year ended 31 December 2015, the Company had complied with the code provisions of the CG Code except for deviations from code provisions A.4.1 and E.1.2 of the CG Code as summarized below:

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

Pursuant to code provision E.1.2 of the CG Code, the chairmen of the board and board committees shall attend the AGM of the Company which was held on 18 May 2015. Mr. Zhang Lin, who is the chairmen of the Board and the nomination committee, was unable to attend the AGM due to another business engagement. However, Mr. Long Zhong Sheng, the Chief Executive Officer of the Company, took the chair of that meeting and all other members of the nomination committee attended the AGM to be available to answer questions thereat.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its own code of conduct regarding securities transactions by the directors of the Company. All directors have confirmed, following specific enquiries made by the Company, that they had complied with the required standard set out in the Model Code during the year ended 31 December 2015.

Corporate Governance Report

BOARD OF DIRECTORS

Composition of the Board

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

Name of Director	Date of first appointment to the Board	Date of last re-election as Director
Executive Director		
Zhang Lin *(Chairman)*	22 March 2012	26 May 2014
Long Zhong Sheng *(Chief Executive Officer)*	22 March 2012	18 May 2015
Zhai Baojin	22 March 2012	26 May 2014
Tan Yaoyu	22 March 2012	26 May 2014
Independent Non-Executive Director		
Wang Qihong	21 April 2006	18 May 2015
Wang Guoqi	21 April 2006	18 May 2015
Liu Jishun	31 July 2014	18 May 2015

Roles and responsibilities of the Board

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

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

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

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

Board meetings and Board practices

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

During the year ended 31 December 2015, 4 Board meetings and 1 general meeting of the Company were held. The meetings are structured to allow open discussion. At the board meetings, the Directors participated in discussing the strategies, operational and financial performance, corporate governance policy and internal control of the Group.

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

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

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

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

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

Corporate Governance Report

Access to sufficient information of the Group

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

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

Continuing professional development

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

During the year ended 31 December 2015, the Company provided two seminars to the Directors and the management of the Company on topics covering the latest developments of the Corporate Governance Code and the Listing Rules. All of the Directors attended these two seminars.

Permitted Indemnity Provisions

During the financial year ended 31 December 2015 and up to the date of this Report, the Company has in force indemnity provisions under its Bye-laws as permitted under applicable laws.

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

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

NON-EXECUTIVE DIRECTORS

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

During the year ended 31 December 2015, there were three independent non-executive Directors, representing more than one-third of the Board. Among the three independent non-executive Directors, one of them has the appropriate professional qualifications in accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

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

COMPANY SECRETARY

The Company Secretary, Mr. Lau Pok Yuen, plays an important role in supporting the Board by ensuring efficient and effective information flow within the Board and that the Board's policy and procedures are followed.

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

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

During the year ended 31 December 2015, the Company Secretary had taken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

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

BOARD COMMITTEES

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

Name of Director	Audit Committee	Remuneration Committee	Nomination Committee
Executive Director			
Zhang Lin *(Chairman)*	–	–	Chairman
Long Zhong Sheng	–	–	–
Zhai Baojin	–	–	–
Tan Yaoyu	–	–	–
Independent Non-Executive Director			
Wang Guoqi	Chairman	Chairman	Member
Wang Qihong	Member	Member	Member
Liu Jishun	Member	Member	Member

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

Remuneration Committee

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

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

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

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

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

The following table shows the breakdown of the Directors' remuneration for the year ended 31 December 2015:

		Other emoluments			
	Fees	Salaries and other allowances	Retirement benefit scheme contributions	Bonus	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
2015					
Executive Directors					
Mr. Zhang Lin	–	1,058	35	–	1,093
Mr. Long Zhong Sheng	1,211	–	14	474	1,699
Mr. Zhai Baojin	–	1,058	35	–	1,093
Mr. Tan Yaoyu	–	585	35	–	620
Independent Non-executive Directors					
Mr. Wang Guoqi	80	–	–	–	80
Mr. Wang Qihong	80	–	–	–	80
Mr. Liu Jishun	80	–	–	–	80
	1,451	2,701	119	474	4,745

During the year ended 31 December 2015, the Remuneration Committee held 1 meeting. The Remuneration Committee determined the policy for the remuneration of executive Directors', made recommendations to the Board on the remuneration of directors and assessed the performance of the executive Directors. Members of the Remuneration Committee and the attendance of each member are as follows:

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

Nomination Committee

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

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

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

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

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

Also, the Company recognizes and embraces the benefits of having a diverse Board. As such, the Nomination Committee formulated and adopted the Board Diversity Policy in August 2013 and the Nomination Committee has been delegated with the task of reviewing the Board Diversity Policy, the measurable objectives set for implementing the Board Diversity Policy, and the progress on achieving such objectives. The Board Diversity Policy sets out the approach to achieve diversity in the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

During the year ended 31 December 2015, the Nomination Committee held 1 meeting. The Nomination Committee reviewed the structure, size and composition (including the skills, knowledge and expense) of the Board and also the policy for the nomination of Directors during the year.

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

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

Audit Committee

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

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

Name of Director	Position	Role in Audit Committee	Meetings Attended/ Eligible to Attend
Wang Guoqi	Independent non-executive Director	Chairman	2/2
Wang Qihong	Independent non-executive Director	Member	2/2
Liu Jishun	Independent non-executive Director	Member	2/2

During the year ended 31 December 2015, the Audit Committee reviewed with the management the annual results, interim results and related announcement including the disclosures, financial reporting and the accounting policies adopted by the Group prior to the submission to the Board's approval; discussed with management on significant judgments affecting Group's consolidated financial statements and approved the appointment of auditor; reviewed and discussed the internal control report; reviewed and assessed the adequacy and effectiveness of the Company' internal control and risk management; and reviewed and monitored the external auditor's independence and objectivity and the effectiveness during the audit process.

Corporate Governance Report

The Board is responsible for preparing the financial statements that give a true and fair view of the financial position of the Group on a going concern basis. The Audit Committee has reviewed the Company's annual results and consolidated financial statements for the year ended 31 December 2015. The Directors acknowledge their responsibilities for preparing a balanced, clear and comprehensive assessment in annual/interim reports, price-sensitive announcements and other financial disclosures. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Auditor's Remuneration

During the year ended 31 December 2015, Deloitte was appointed as the Group's auditor until the conclusion of next annual general meeting. The remuneration paid/payable to Deloitte in respect of their audit and non-audit services were as follow:

	2015 *RMB'000*
Audit Services	3,361
Non-audit Services	1,050
Total	4,411

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

BOARD'S RESPONSIBILITIES FOR THE ACCOUNTS

The Board is responsible for the preparation of accounts for each financial period, which gives a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing these accounts for the year ended 31 December 2015, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent and reasonable, and has prepared the accounts on a going concern basis.

INTERNAL CONTROL

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

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

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

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

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

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

Green policies

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

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

INVESTOR AND SHAREHOLDER RELATIONS

Communication with Shareholders and Investors

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

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

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

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

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

Our investor relations activities include:

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

Convening of General Meetings

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

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

The last annual general meeting of the Company was the 2014 annual general meeting (the "2014 AGM") which was held on 18 May 2015 at Kennedy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong.

All resolutions put to Shareholders at the 2014 AGM were passed. The Company's Hong Kong branch share registrar were appointed as scrutineers to monitor and count the poll votes cast at that meeting. The results of the voting by poll were published on the websites of the Company and the Stock Exchange.

	Resolutions proposed at the 2014 AGM	Percentage of votes in favor
1	To consider and receive the audited consolidated financial statements of the Company and the reports of the directors and auditor for the year ended 31 December 2014.	100%
2	To re-elect Mr. Long Zhong Sheng as an executive director of the Company.	99.99%
3	To re-elect Mr. Wang Guoqi as an independent non-executive director of the Company.	99.98%
4	To re-elect Mr. Wang Qihong as an independent non-executive director of the Company.	99.99%
5	To re-elect Mr. Liu Jishun as an independent non-executive director of the Company.	99.99%
6	To authorize the Board to fix the respective directors' remuneration.	100%
7	To appoint Messrs. Deloitte Touche Tohmatsu as the auditor of the Company and its subsidiaries to hold office until the conclusion of the next annual general meeting, and to authorize the Board to fix its remuneration.	99.99%
8	To give a general mandate to the directors to purchase the Company's ordinary shares not exceeding 10% of the aggregate nominal amount of the issued ordinary share capital of the Company as at the date of passing of this resolution.	100%
9	To give a general mandate to the directors to issue, allot and deal with additional ordinary shares of the Company not exceeding 20% of the aggregate nominal amount of the issued ordinary share capital of the Company as at the date of passing of this resolution.	99.76%
10	To extend the general mandate granted to the directors to issue, allot and deal with additional ordinary shares in the capital of the Company by the aggregate nominal amount of ordinary shares repurchased by the Company.	99.76%

Shareholder's Rights

Procedures for Shareholders to convene an extraordinary general meeting

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

Procedures for Shareholders to put forward proposals at Shareholders' meetings

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

Procedures by which enquiries may be put to the Board

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

Contact details of the Company Secretary:
Mr. Lau Pok Yuen
18/F, 8 Queen's Road Central,
Central, Hong Kong
Fax: (852) 2868 2302

Company's constitutional documents

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

Independent Auditor's Report

Deloitte.

德勤

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

We have audited the consolidated financial statements of China Daye Non-Ferrous Metals Mining Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 67 to 160 which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
31 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	Notes	Year ended 31 December 2015 RMB'000	2014 RMB'000
Revenue	6, 7	**39,361,792**	42,808,295
Cost of sales and services rendered	12	**(39,308,260)**	(42,010,068)
Gross profit		**53,532**	798,227
Other income	8	**107,036**	174,823
Selling expenses		**(57,844)**	(75,994)
Administrative expenses		**(337,119)**	(346,574)
Other operating expenses		**(16,570)**	(19,598)
Other gains and losses	9	**(779,006)**	(137,191)
Finance costs	10	**(461,799)**	(529,002)
Share of results of joint ventures		**39,215**	(22,901)
Loss before tax		**(1,452,555)**	(158,210)
Income tax credit	11	**262,330**	31,641
Loss for the year	12	**(1,190,225)**	(126,569)
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation		**–**	1,872
Share of net gain on revaluation of available-for-sale financial assets of joint ventures and its subsequent reclassification for inclusion in profit or loss upon disposal		**(71,164)**	71,164
Other comprehensive (expense)/income for the year		**(71,164)**	73,036
Total comprehensive expense for the year		**(1,261,389)**	(53,533)
Loss for the year attributable to:			
Owners of the Company		**(976,337)**	(95,553)
Non-controlling interests		**(213,888)**	(31,016)
		(1,190,225)	(126,569)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(1,047,501)**	(22,517)
Non-controlling interests		**(213,888)**	(31,016)
		(1,261,389)	(53,533)
Loss per share	15		
— Basic		**RMB(5.52) fen**	RMB(0.55) fen
— Diluted		**RMB(5.52) fen**	RMB(0.59) fen

Consolidated Statement of Financial Position

At 31 December 2015

	Notes	As 31 December 2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**7,244,278**	7,410,599
Exploration and evaluation assets	17	**125,045**	188,361
Prepaid lease payments	18	**701,497**	704,205
Intangible assets	19	**605,210**	777,917
Interests in joint ventures	20	**40,419**	112,965
Deferred tax assets	21	**230,818**	87,950
Deposits for acquisition of property, plant and equipment	24	**47,733**	47,380
		8,995,000	9,329,377
CURRENT ASSETS			
Prepaid lease payments	18	**20,443**	20,456
Inventories	22	**4,662,894**	4,494,964
Trade and bills receivables	23	**298,800**	487,194
Prepayments and other receivables	24	**746,772**	500,241
Derivative financial instruments	25	**5,201**	40,354
Restricted deposits and bank balances	26	**549,236**	892,832
Bank and other deposits, bank balances and cash	26	**1,293,899**	1,401,186
		7,577,245	7,837,227
CURRENT LIABILITIES			
Trade and bills payables	27	**1,657,143**	1,133,451
Other payables and accrued expenses	28	**1,472,135**	1,269,965
Bank and other borrowings	29	**3,579,419**	5,021,480
Derivative financial instruments	25	**82,109**	61,548
Convertible bonds	31	**669,908**	–
Early retirement obligations	33	**5,630**	7,530
Income tax payable		**866**	631
		7,467,210	7,494,605
NET CURRENT ASSETS		**110,035**	342,622
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,105,035**	9,671,999

Consolidated Statement of Financial Position

At 31 December 2015

	Notes	As 31 December 2015 RMB'000	2014 RMB'000
CAPITAL AND RESERVES			
Share capital	34	**727,893**	705,506
Share premium and reserves		**1,896,550**	2,840,265
Equity attributable to owners of the Company		**2,624,443**	3,545,771
Non-controlling interests		**159,408**	373,296
TOTAL EQUITY		**2,783,851**	3,919,067
NON-CURRENT LIABILITIES			
Bank and other borrowings	29	**5,259,341**	3,961,088
Convertible note/bonds	31	**760,451**	1,377,919
Provision for mine rehabilitation, restoration and dismantling	30	**41,554**	40,344
Deferred income	32	**243,720**	230,432
Early retirement obligations	33	**15,839**	22,078
Deferred tax liabilities	21	**279**	121,071
		6,321,184	5,752,932
		9,105,035	9,671,999

The consolidated financial statements on pages 67 to 160 were approved and authorised for issue by the Board of Directors on 31 March 2016 and are signed on its behalf by:

Zhang Lin
DIRECTOR

Long Zhong Sheng
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Equity attributable to owners of the Company												
	Share capital RMB'000	Other reserve RMB'000 (Note (iii))	Share premium RMB'000	Contributed surplus RMB'000 (Note (i))	Capital reserve RMB'000 (Note (ii))	Statutory reserves RMB'000 (Note (iv))	Convertible note/bonds equity reserve RMB'000 (Note 31)	Available-for-sale investment revaluation reserve RMB'000	Translation reserve RMB'000	Retained profits/ (accumulated losses) RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014	705,506	1,554,303	–	4,373,075	(4,184,848)	97,536	281,298	–	18,476	722,942	3,568,288	404,312	3,972,600
Loss for the year	–	–	–	–	–	–	–	–	–	(95,553)	(95,553)	(31,016)	(126,569)
Other comprehensive income for the year	–	–	–	–	–	–	–	71,164	1,872	–	73,036	–	73,036
Total comprehensive income/(expense) for the year	–	–	–	–	–	–	–	71,164	1,872	(95,553)	(22,517)	(31,016)	(53,533)
Statutory reserve appropriation	–	–	–	–	–	9,064	–	–	–	(9,064)	–	–	–
Appropriation of maintenance and production funds	–	–	–	–	–	62,073	–	–	–	(62,073)	–	–	–
Utilisation of maintenance and production funds	–	–	–	–	–	(62,073)	–	–	–	62,073	–	–	–
At 31 December 2014	705,506	1,554,303	–	4,373,075	(4,184,848)	106,600	281,298	71,164	20,348	618,325	3,545,771	373,296	3,919,067
At 1 January 2015	705,506	1,554,303	–	4,373,075	(4,184,848)	106,600	281,298	71,164	20,348	618,325	3,545,771	373,296	3,919,067
Loss for the year	–	–	–	–	–	–	–	–	–	(976,337)	(976,337)	(213,888)	(1,190,225)
Other comprehensive expense for the year	–	–	–	–	–	–	–	(71,164)	–	–	(71,164)	–	(71,164)
Total comprehensive expense for the year	–	–	–	–	–	–	–	(71,164)	–	(976,337)	(1,047,501)	(213,888)	(1,261,389)
Appropriation of maintenance and production funds	–	–	–	–	–	62,605	–	–	–	(62,605)	–	–	–
Utilisation of maintenance and production funds	–	–	–	–	–	(62,605)	–	–	–	62,605	–	–	–
Issue of new ordinary shares upon conversion of convertible bonds *(Notes 31 and 34)*	22,387	–	103,786	–	–	–	–	–	–	–	126,173	–	126,173
Transfer upon conversion of convertible bonds *(Note 31)*	–	–	20,806	–	–	–	(20,806)	–	–	–	–	–	–
Reclassification due to change of functional currency of the Company *(Note 2)*	–	–	–	–	–	–	(155,853)	–	(14,472)	170,325	–	–	–
At 31 December 2015	727,893	1,554,303	124,592	4,373,075	(4,184,848)	106,600	104,639	–	5,876	(187,687)	2,624,443	159,408	2,783,851

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

Notes:

(i) In accordance with the provisions of Section 46(2) of the Companies Act of Bermuda and with effect from 10 June 1993, the entire amount standing to the credit of the share premium account of the Company was cancelled and was partly applied to eliminate in full accumulated losses of the Company with the remainder to be credited to the contributed surplus of the Company during the year ended 31 December 2013.

(ii) The balance of capital reserve mainly arose from the acquisition of entire issued share capital of Prosper Well Group Limited ("Prosper Well", a company incorporated in British Virgin Islands ("BVI") with limited liability) from China Times Development Limited ("China Times") and China Cinda (HK) Asset Management Co., Limited ("Cinda HK") by the allotment and issue of 10,799,762,092 and 936,953,542 ordinary shares of the Company with nominal value of HK$0.05 each (collectively referred to as the "Consideration Shares") to China Times and Cinda HK, respectively, as well as the issue of HK$1,003,836,048 zero coupon convertible note to China Times during the year ended 31 December 2012 (the "Transaction").

The Transaction was completed on 7 March 2012 and has been accounted for as a reverse acquisition under Hong Kong Financial Reporting Standard 3 *Business Combinations* because the issuance of the Consideration Shares and the convertible note in exchange of the entire shareholding in Prosper Well resulted in China Times, previously holding 20.8% shareholding in the Company, becoming the controlling shareholder of the Company holding 69.04% equity interests upon completion of the Transaction. For accounting purpose, the Company is deemed to have been acquired by Prosper Well which is deemed as the accounting acquirer. These consolidated financial statements have been prepared as a continuance of the consolidated financial statements of Prosper Well.

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

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

(iv) Statutory reserves comprise statutory surplus reserve and specific reserve for maintenance and production funds.

Statutory surplus reserve

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

Specific reserve for maintenance and production funds

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(1,452,555)**	(158,210)
Adjustments for:		
Interest income	**(65,046)**	(67,220)
Finance costs	**461,799**	529,002
Share of results of joint ventures	**(39,215)**	22,901
Exchange losses, net	**188,355**	23,592
Depreciation and amortisation	**585,125**	519,333
Loss on disposal of property, plant and equipment, net	**1,688**	1,832
(Reversal of impairment loss)/impairment loss on trade receivables	**(781)**	6,691
Reversal of impairment loss on other receivables	**(117)**	(13,633)
(Gain)/Loss on fair value changes in respect of:		
Commodity derivatives contracts and currency forward contracts	**(7,560)**	(120,303)
Gold loans and silver loans designated as financial liabilities at fair value through profit or loss	**31,237**	145,219
Fair value gain on derivative component on convertible note/bonds	**(5,120)**	(92,525)
Write-down of inventories, net	**612,280**	6,400
Impairment recognised in respect of:		
Mining rights	**221,966**	175,636
Property, plant and equipment	**344,705**	–
Prepaid lease payments	**982**	–
Deferred income recognised	**(18,482)**	(13,535)
Operating cash flows before movements in working capital	**859,261**	965,180
(Increase)/decrease in inventories	**(780,210)**	852,714
Decrease/(increase) in derivative financial instruments	**63,274**	(7,452)
Decrease in trade and bills receivables	**189,175**	149,388
(Increase)/decrease in prepayments and other receivables	**(121,895)**	652,518
Increase/(decrease) in trade and bills payables	**529,614**	(122,409)
Increase/(decrease) in other payables and accrued expenses	**3,168**	(228,864)
(Increase)/decrease in other deposits	**(23,894)**	177,303
Benefits paid for early retirement and employee medical obligations	**(9,039)**	(11,835)
Cash generated from operations	**709,454**	2,426,543
Income taxes paid	**(1,095)**	(255)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**708,359**	2,426,288

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**77,074**	67,220
Dividends from a joint venture	**40,597**	–
Payments for property, plant and equipment	**(683,143)**	(1,120,937)
Payments for exploration and evaluation assets	**(12,650)**	(27,338)
Payments for intangible assets	**(3,240)**	(34,617)
Payments for prepaid lease payments	**(18,704)**	(5,925)
Receipt of consideration for disposal of subsidiaries	**–**	2,038
Proceeds from disposal of property, plant and equipment	**4,593**	595
Receipts of government grants	**34,240**	24,210
Advance to joint ventures	**(136,547)**	–
Placement of restricted bank deposits and bank balances	**(3,615,047)**	(3,862,591)
Release of restricted bank deposits and bank balances	**3,982,537**	3,094,428
Retrieval of non-restricted bank deposits with original maturity of more than three months when acquired	**–**	171,993
NET CASH USED IN INVESTING ACTIVITIES	**(330,290)**	(1,690,924)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from new borrowings	**15,869,076**	16,398,658
Repayments of borrowings	**(16,096,112)**	(17,332,841)
Repayment of cumulative redeemable preference shares	**–**	(116)
Advance from Daye Nonferrous Metals Group Holding Co., Ltd. ("Daye Group", an intermediate holding company of the Company)	**13,012**	510,131
Repayment to Daye Group	**(263,957)**	(100,000)
Advance from Daye Nonferrous Metals Group Finance Co., Ltd. ("Daye Finance Company", a fellow subsidiary of the Company)	**404,138**	328,000
Repayment to Daye Finance Company	**(250,675)**	(100,000)
Advance from joint ventures	**135,850**	110,216
Finance costs paid	**(307,523)**	(477,222)
NET CASH USED IN FINANCING ACTIVITIES	**(496,191)**	(773,390)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(118,122)**	(38,026)
Cash and cash equivalents at beginning of the year	**1,401,186**	1,433,470
Effects of exchange rate changes on the balance of cash held in foreign currencies	**10,835**	(5,742)
Cash and cash equivalents at the end of the year	**1,293,899**	1,401,186
REPRESENTED BY:		
Bank and other deposits, bank balances and cash	**1,293,899**	1,401,186

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

1. GENERAL INFORMATION

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

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

The principal activity of the Company is investment holding. The Company's subsidiaries are principally involved in mining and processing of mineral ores and selling/trading of metal products. In the opinion of the directors of the Company (the "Directors"), the ultimate holding company of the Company is China Non-ferrous Metal Mining (Group) Co., Ltd., a state-owned enterprise established in the People's Republic of China (the "PRC").

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In prior years, the functional currency of the companies comprising the Group is Renminbi ("RMB"), except that the functional currency of the Company and its certain subsidiaries is Hong Kong Dollar ("HK$").

During the current year, the Directors re-assessed the accounting policy in determining the functional currency of the Company and considered paragraph 9 of HKAS 21 *The Effects of Changes in Foreign Exchange Rates* ("HKAS 21") together with the other factors set out in paragraph 10 of HKAS 21. The Directors have determined that RMB better reflects the economic substance of the Company and its business activities as an investment holding company with subsidiaries mainly operating in the PRC since the date of completion of the reverse acquisition on 7 March 2012 (see details in Note (ii) to the consolidated statement of changes in equity). Accordingly, the functional currency of the Company was retrospectively changed from HK$ to RMB. The retrospective change of functional currency of the Company has no material effects on the financial positions of the Group as at 31 December 2014 and 1 January 2014 and its financial performance for the year ended 31 December 2014 and as such no restated financial information has been presented except that certain descriptions in Note 31 have been revised accordingly. In addition, certain reserves have been reclassified to retained profits.

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

Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year.

Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2010–2012 Cycle*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2011–2013 Cycle*

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	*Financial instruments*[1]
HKFRS 15	*Revenue from contracts with customers*[1]
Amendments to HKFRS 11	*Accounting for acquisitions of interests in joint operations*[2]
Amendments to HKAS 1	*Disclosure initiative*[2]
Amendments to HKAS 16 and HKAS 38	*Clarification of acceptable methods of depreciation and amortisation*[2]
Amendments to HKFRSs	*Annual improvements to HKFRSs 2012–2014 Cycle*[2]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer plants*[2]
Amendments to HKAS 27	*Equity method in separate financial statements*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or contribution of assets between an investor and its associate or joint venture*[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	*Investment entities: Applying the consolidation exception*[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after a date to be determined

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

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

HKFRS 9 *Financial Instruments*

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

Key requirements of HKFRS 9:

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

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

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

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

HKFRS 9 *Financial Instruments (Continued)*

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors anticipate that the adoption of HKFRS 9 in the future would not have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on an analysis of the Group's financial instruments as at 31 December 2015.

HKFRS 15 *Revenue from Contracts with Customers*

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

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

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

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

The Directors are still assessing the impact on the application of HKFRS 15 on the Group's consolidated financial statements. For the moment, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

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

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

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

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

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

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the unit of production method for depreciation for its mining infrastructure and property (as included in property, plant and equipment) and the straight-line method for depreciation and amortisation for its other property, plant and equipment and intangible assets, respectively. The Directors anticipate that the adoption of the amendments in the future would not have a significant impact on amounts reported in the Group's consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

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

The provisions of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below:

Basis of consolidation

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

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

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

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

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

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

Investments in joint ventures

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

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in joint ventures *(Continued)*

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

When a group entity transacts with a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the joint venture are recognised in the consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

Depreciation for other property, plant and equipment is recognised so as to write off the cost of assets (other than construction in progress) less their residual values over their estimated useful lives using the straight-line method as follows:

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

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

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

Construction in progress, which represents assets in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss, if any. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the basis as other assets, commences when the assets are ready for their intended use in accordance with the policy as set out above.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Exploration and evaluation expenditures

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

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

These capitalised expenditures are stated at cost less impairment and are presented within non-current assets as "Exploration and evaluation assets" on the consolidated statement of financial position. All other exploration and evaluation expenditures are charged to profit or loss as incurred.

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

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

Capitalised exploration and evaluation expenditures are assessed for impairment when facts and circumstances indicate that the carrying amount of an exploration and evaluation expenditure may exceed its recoverable amount. Once a development decision has been taken, the capitalised expenditures are also assessed for impairment before reclassification. An impairment test is also performed if any of the following indicators are present (the list is not exhaustive):

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

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

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

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

An impairment loss is recognised when the carrying amount exceeds its recoverable amount.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets

Intangible assets acquired separately

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

Intangible assets acquired in a business combination

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

Amortisation for mining rights is provided on a straight-line basis over their respective licence periods of 3 to 23 years. Amortisation for other intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives of 5 years.

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

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment losses on tangible and intangible assets

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment losses on tangible and intangible assets *(Continued)*

The impairment loss recognised for a cash-generating unit is allocated first to reduce the carrying amount of goodwill allocated to the unit, if any and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit.

The carrying amount of each asset in the unit will not be reduced below the highest of:

- its fair value less costs of disposal (if measurable);
- its value in use (if determinable); and
- zero.

If this results in an amount being allocated to an asset less than its pro-rata share of the impairment loss, the amount of the impairment loss that would otherwise have been allocated to the asset will be allocated pro-rata to the other assets of the unit.

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

Inventories

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

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

Costs of inventories are determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing

A series of transactions that involve the legal form of a lease is linked and accounted for as one transaction when the overall economic effect cannot be understood without reference to the series of transactions as a whole. The accounting reflects the substance of the arrangement.

An arrangement that involves a legal form of a lease is not, in substance, accounted for as a lease if:

(a) the Group retains all the risks and rewards incident to ownership of an underlying asset and enjoys substantially the same rights to its use as before the arrangement;

(b) the primary reason for the arrangement is not to convey the right to use an asset; and

(c) an option is included on terms that make its exercise almost certain.

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

The Group as lessor

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

The Group as lessee

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

Leasehold land and buildings

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

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provision *(Continued)*

Provision for mine rehabilitation, restoration and dismantling

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

Costs for restoration of subsequent site damage are provided for at their net present values and charged to profit or loss as extraction progresses. Where the costs of site restoration are not anticipated to be significant, they are expensed as incurred.

Research costs

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

Financial instruments

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

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

Financial assets

Financial assets are classified into the following specified categories: Financial assets at fair value through profit or loss ("FVTPL"), available-for-sale ("AFS") financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

Financial assets at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the "other gains and losses" line item. Fair value is determined in the manner described in Note 36.

AFS financial assets

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and bills receivables, other receivables, restricted deposits and bank balances, bank and other deposits, and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss on financial assets below).

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets

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

Objective evidence of impairment could include:

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

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

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and bills receivables and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and bills receivable or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at FVTPL

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Gold loans and silver loans are designated as financial liabilities as FVTPL at initial recognition.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities. Fair value is determined in the manner described in Note 36.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Convertible note/bonds

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

Where the conversion option is classified as an equity instrument, at the date of issue, the fair value of the debt component is estimated using the prevailing market interest of similar non-convertible instruments. The amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The conversion option classified as equity is determined by deducting the amount of the debt component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects (if any), and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. When the conversion option remains unexercised at the maturity date of the convertible bonds, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option. Transaction costs that relate to the issue of the convertible bonds are allocated to the debt and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the debt component are included in the carrying amount of the debt component and are amortised over the period of the convertible bonds using the effective interest method.

Where the conversion option is conversion option derivative, at the date of issue, both the debt component and derivative component (including the conversion option and the redemption option) are recognised at fair value. In subsequent periods, the debt component of the convertible note is carried at amortised cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss. Transaction costs that relate to the issue of the convertible note are allocated to the debt and derivative components in proportion to their relative fair values. Transaction costs relating to the derivative component are charged to profit or loss immediately. Transaction costs that relating to the debt component are included in the carrying amount of the debt portion and amortised over the period of the convertible note using the effective interest method.

Other financial liabilities

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Embedded derivatives

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

Derecognition

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances, and is shown net of value-added tax.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service income from the rendering of copper processing services is recognised when services are provided.

Rented income in respect of properties under operating lease is recognised on a straight-line basis over the respective lease term.

Interest income from a financial asset is recognised when it is probable that the economic benefit will flow to the Group and the amount of revenue can be measured reliability. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

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

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

Government grants

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

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

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

Taxation

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

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

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

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

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

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

Foreign currencies

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

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise. Exchange differences arising from translation of foreign operations are recognised in profit or loss in the period in which the foreign operation is disposed of.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits

Short-term employee benefits

A liability in respect of short-term employee benefits is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of benefits expected to be paid in exchange for that service.

Pension obligation

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

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

Early retirement obligations

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

Other social insurance and housing funds

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Estimated impairment of non-current tangible and intangible assets

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

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

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

During the year, the Group recognised losses on impairment of property, plant and equipment of RMB344,705,000 (2014: nil), prepaid lease payments of RMB982,000 (2014: nil) and mining rights of RMB221,966,000 (2014: RMB175,636,000) in relation to certain of the Group's copper mines in the PRC in view of the unfavourable future prospects of the relevant copper mines. Further details are set out in Notes 16 and 19.

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

Exploration and related expenses

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

Mine rehabilitation, restoration and dismantling obligations

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

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

Deferred tax

At 31 December 2015, deferred tax assets of RMB230,818,000 (31 December 2014: RMB87,950,000) mainly in relation to impairment losses of non-current assets and write-down of inventories have been recognised. The amount of unrecognised tax losses and unrecognised deductible temporary differences as at 31 December 2015 was RMB384,858,000 (31 December 2014: RMB101,434,000) and RMB500,930,000 (31 December 2014: RMB280,819,000), respectively. Further details are contained in Note 21. The realisability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. The Directors determine the deferred tax assets based on the enacted or substantially enacted tax rates and the best knowledge of profit projections of the subsidiaries for coming years during which the deferred tax assets are expected to be utilised. The Directors will review the assumptions and profit projections by the end of each reporting period. In cases where the actual future profits generated are less than or more expected resulting from revision of estimated future profits, a reversal or future provision of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or future provision takes place.

Mine reserves

Engineering estimates of the Group's mine reserves are inherently imprecise and represent only approximate amounts because of the subjective estimation involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated mine reserves can be designated as proven and probable. Proven and probable mine reserve estimates are updated on a regular basis and have taken into account recent production and technical information about each mine. In addition, price and cost levels change from year to year, the estimates of proven and probable mine reserves also change. This change is considered a change in estimate for accounting purposes and is reflected on a prospective basis in the related depreciation rate of mining infrastructure and property. The carrying amount of mining infrastructure and property and the related depreciation was detailed in Note 16.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

6. REVENUE

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

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

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Sale of goods	**39,309,093**	42,747,781
Rendering of services	**52,699**	60,514
	39,361,792	42,808,295

7. SEGMENT INFORMATION

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

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

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Sales of goods:		
Copper cathodes	**27,655,532**	29,020,454
Other copper products	**871,361**	897,076
Gold and other gold products	**6,669,341**	8,628,869
Silver and other silver products	**3,411,282**	3,269,413
Sulphuric acid and sulphuric concentrate	**269,376**	204,621
Iron ores	**91,880**	255,293
Others	**340,321**	472,055
	39,309,093	42,747,781
Rendering of services:		
Copper processing	**43,675**	49,910
Others	**9,024**	10,604
	52,699	60,514
Total revenue	**39,361,792**	42,808,295

7. SEGMENT INFORMATION *(Continued)*

Geographical information

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

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

	Revenue from external customers for the year ended 31 December		Non-current assets At 31 December	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
PRC	**39,013,003**	40,294,070	**8,722,641**	9,175,568
Hong Kong	**348,789**	2,514,225	**41,290**	65,411
Mongolia	**–**	–	**251**	448
	39,361,792	42,808,295	**8,764,182**	9,241,427

Information about major customers

Details of a customer of the corresponding years contributing over 10% or more of the total revenue are as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Customer A	**6,553,114**	8,555,491

8. OTHER INCOME

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Interest income	**65,046**	67,220
Value-added tax refund	**12,366**	12,729
Government grants received *(Note)*	**11,142**	81,339
Deferred income recognised *(Note 32)*	**18,482**	13,535
	107,036	174,823

Note: The government grants in the current year mainly represented subsidies for interest incurred on imported copper ores. The government grants in the prior year also included subsidies for employee medical expenses of RMB49,673,000. The relevant interest expense and employee medical expenses had been previously charged to profit or loss.

9. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Loss on disposal of property, plant and equipment, net	**(1,688)**	(1,832)
Impairment recognised in respect of:		
Property, plant and equipment *(Note 16)*	**(344,705)**	–
Prepaid lease payments *(Note 18)*	**(982)**	–
Mining rights *(Note 19)*	**(221,966)**	(175,636)
Fair value changes from:		
Commodity derivatives contracts	**7,280**	113,730
Currency forward contracts	**280**	6,573
Gold loans and silver loans designated as financial liabilities at fair value through profit or loss	**(31,237)**	(145,219)
Reversal of impairment loss/(impairment loss) on:		
Trade receivables *(Note 23)*	**781**	(6,691)
Other receivables *(Note 24)*	**117**	13,633
Fair value gain on derivative component of convertible note/bonds	**5,120**	92,525
Exchange losses, net	**(194,277)**	(36,793)
Others	**2,271**	2,519
Total other gains and losses	**(779,006)**	(137,191)

10. FINANCE COSTS

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**(286,782)**	(389,198)
Interest on loans from Daye Group	**(75,986)**	(57,984)
Interest on loans from Daye Finance Company	**(6,763)**	(3,513)
Interest on convertible note/bonds *(Note 31)*	**(134,306)**	(129,630)
Unwind interest of provision for mine rehabilitation, restoration and dismantling *(Note 30)*	**(1,210)**	(1,175)
Unwind interest of early retirement obligations *(Note 33)*	**(900)**	(1,580)
Total borrowing costs	**(505,947)**	(583,080)
Less: Borrowing costs capitalised in the cost of qualifying assets (*Note 16)*	**44,148**	54,078
	(461,799)	(529,002)

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a weighted average capitalisation rate of 5.59% (2014: 5.67%) per annum to expenditure on qualifying assets.

11. INCOME TAX CREDIT

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax	**(774)**	(886)
Hong Kong	**(556)**	–
Deferred tax *(Note 21)*	**263,660**	32,527
	262,330	31,641

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate of the Group was 25% for both years.

Hong Kong profits tax for the year is calculated at 16.5% of the estimated assessable profit for the year. No provision for Hong Kong profits tax in the prior year had been made as the Group had no assessable profit generated in Hong Kong for the prior year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

11. INCOME TAX CREDIT *(Continued)*

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

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Loss before tax	**(1,452,555)**	(158,210)
Tax at the domestic income tax rate of 25% (2014: 25%) *(Note (i))*	**363,139**	39,553
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	**(13,114)**	(2,134)
Tax effect of tax concession *(Note (ii))*	**863**	751
Tax effect of income not subject to tax *(Note (iii))*	**37,116**	42,062
Tax effect of expenses not deductible for tax purpose	**(14,010)**	(9,056)
Tax effect of deductible temporary differences not recognised	**(55,028)**	(23,659)
Tax effect of share of results of joint ventures	**9,804**	(5,725)
Tax effect of tax losses not recognised	**(75,237)**	(15,876)
Others	**8,797**	5,725
Income tax credit for the year	**262,330**	31,641

Notes:

(i) The domestic tax rate (which is EIT rate) is the jurisdiction where the operation of the Group is substantially based is used.

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

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

12. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment**	**534,735**	469,849
Amortisation of intangible assets**	**29,947**	29,027
Amortisation of prepaid lease payments **	**20,443**	20,457
Auditor's remuneration	**3,361**	3,350
Employee benefits expense (including Directors' remuneration as disclosed in Note 13)***:		
Salaries, wages and welfare	**606,249**	537,200
Retirement benefit schemes contributions	**135,511**	145,990
Total staff costs	**741,760**	683,190
Cost of sale and services rendered:		
Cost of inventories recognised as an expense	**38,621,411**	41,954,810
Write-down of inventories, net*	**612,280**	6,400
Direct operating expense arising from services provided	**74,569**	48,858
	39,308,260	42,010,068
Research costs recognised as an expense	**6,905**	6,008
Minimum lease payments in respect of land and buildings	**15,194**	15,263

* Write-down of inventories, which is included in cost of inventories, is mainly attributable to the decline in the price of certain raw materials. The materials are written down to net realisable value when the costs of the finished products are expected to exceed their net realisable values.

** During the year, depreciation of property, plant and equipment of RMB525,328,000 (2014: RMB456,616,000), and amortisation of intangible asset and prepaid lease payments totaling RMB28,928,000 (2014: RMB28,069,000) was included in cost of sales and services rendered in the consolidated statement of profit or loss and other comprehensive income.

*** During the year, employee benefits expenses of RMB662,656,000 (2014: RMB591,416,000) were included in costs of sales and services rendered in the consolidated statement of profit or loss and other comprehensive income.

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

Directors and Chief Executive Officer

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

		Other emoluments			
	Fees *RMB'000*	Salaries and other allowances *RMB'000*	Retirement benefit scheme contributions *RMB'000*	Bonus *RMB'000*	Total *RMB'000*
2015					
Executive Directors					
Mr. Zhang Lin	–	1,058	35	–	1,093
Mr. Long Zhong Sheng *(Note (a))*	1,211	–	14	474	1,699
Mr. Zhai Baojin	–	1,058	35	–	1,093
Mr. Tan Yaoyu	–	585	35	–	620
Independent Non-executive Directors					
Mr. Wang Guoqi	80	–	–	–	80
Mr. Wang Qihong	80	–	–	–	80
Mr. Liu Jishun	80	–	–	–	80
	1,451	2,701	119	474	4,745
2014					
Executive Directors					
Mr. Zhang Lin	–	716	31	–	747
Mr. Long Zhong Sheng *(Note (a))*	1,316	–	61	–	1,377
Mr. Zhai Baojin	–	716	31	–	747
Mr. Tan Yaoyu	–	813	31	–	844
Independent Non-executive Directors					
Mr. Wang Guoqi	79	–	–	–	79
Mr. Wang Qihong	79	–	–	–	79
Mr. Qiu Guanzhou *(Note (b))*	48	–	–	–	48
Mr. Liu Jishun *(Note (b))*	33	–	–	–	33
	1,555	2,245	154	–	3,954

Notes:

(a) Mr. Long Zhong Sheng is the Chief Executive Officer of the Company in 2015 and 2014 and his emoluments disclosed above include those for services rendered by him as the Chief Executive Officer.

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

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

Directors and Chief Executive Officer *(Continued)*

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

The executive directors' emoluments shown above were mainly for their services in connection with the management of affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were mainly for their services as the directors of the Company.

The remuneration of certain of the Directors was borne by Daye Group during the current and prior year. There was no arrangement under which a director or the Chief Executive Officer waived or agreed to waive any remuneration during both years.

Employees

Of the five individuals with the highest emoluments in the Group, three (2014: four) were Directors whose emoluments are included in the disclosures above. The emoluments of the remaining two (2014: one) individuals were as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Salaries and other allowances	**1,267**	637
Retirement benefit schemes contributions	**69**	44
	1,336	681

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

	2015	2014
	Number of employees	
HK$ nil to HK$1,000,000	**2**	1

For both years, no emoluments were paid by the Group to any of the Directors or the five highest paid individuals (including Directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

14. DIVIDENDS

No dividend was paid or proposed for the shareholders of the Company during 2015, nor has any dividend been proposed since the end of the reporting period (2014: Nil).

15. LOSS PER SHARE

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

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(976,337)**	(95,553)
Adjustments:		
Net effect of dilutive potential ordinary shares	**–**	(26,407)
Loss for the purpose of diluted loss per share	**(976,337)**	(121,960)
	'000	*'000*
Number of ordinary shares		
Number of ordinary shares for the purpose of basic loss per share	**17,694,734**	17,327,911
Adjustments:		
Effect of dilutive potential ordinary shares	**–**	3,422,699
Number of ordinary shares for the purpose of diluted loss per share	**17,694,734**	20,750,610

The computation of diluted loss per share for the year ended 31 December 2015 does not assume the conversion of the Company's outstanding convertible note and convertible bonds since their exercise would result in a decrease in loss per share for the year ended 31 December 2015.

The computation of diluted loss per share for the year ended 31 December 2014 does not assume the conversion of certain of the Company's outstanding potential ordinary shares since their exercise would result in a decrease in loss per share for the year ended 31 December 2014.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Mining infrastructure and property	Plant and machinery	Motor vehicles	Electricity equipment and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:							
At 1 January 2014	3,503,495	1,032,898	2,880,901	149,642	56,446	1,716,110	9,339,492
Additions	1,924	1,064	220,316	5,057	4,823	955,104	1,188,288
Interest capitalised *(Note 10)*	–	–	–	–	–	54,078	54,078
Reclassification	932,679	85,056	81,665	–	–	(1,099,400)	–
Disposals	(6,357)	–	(9,394)	(1,289)	(360)	–	(17,400)
At 31 December 2014	4,431,741	1,119,018	3,173,488	153,410	60,909	1,625,892	10,564,458
Additions	–	–	97,695	3,824	1,455	572,278	675,252
Interest capitalised *(Note 10)*	–	–	–	–	–	44,148	44,148
Reclassification	3,656	384,218	53,431	–	–	(441,305)	–
Disposals	(10,199)	–	(10,375)	(3,174)	(523)	–	(24,271)
At 31 December 2015	4,425,198	1,503,236	3,314,239	154,060	61,841	1,801,013	11,259,587
Accumulated depreciation and impairment:							
At 1 January 2014	(987,685)	(368,192)	(1,260,791)	(63,861)	(18,454)	–	(2,698,983)
Provided for the year	(180,816)	(68,172)	(202,248)	(15,022)	(3,591)	–	(469,849)
Eliminated on disposals	5,187	–	8,491	1,100	195	–	14,973
At 31 December 2014	(1,163,314)	(436,364)	(1,454,548)	(77,783)	(21,850)	–	(3,153,859)
Provided for the year	(225,973)	(79,246)	(213,371)	(13,244)	(2,901)	–	(534,735)
Eliminated on disposals	9,544	–	5,935	2,453	58	–	17,990
Impairment loss recognised in profit or loss (see below)	(14,569)	(5,403)	(29,177)	(304)	(2,963)	(292,289)	(344,705)
At 31 December 2015	(1,394,312)	(521,013)	(1,691,161)	(88,878)	(27,656)	(292,289)	(4,015,309)
Carrying values:							
At 31 December 2015	3,030,886	982,223	1,623,078	65,182	34,185	1,508,724	7,244,278
At 31 December 2014	3,268,427	682,654	1,718,940	75,627	39,059	1,625,892	7,410,599

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Impairment assessment

In view of the unfavourable future prospects of certain of the copper mines held by three subsidiaries of the Group, namely Xinjiang Hui Xiang Yong Jin Mining Co., Ltd. ("Hui Xiang"), Xinjiang Tong Xing Mining Co., Ltd. ("Tong Xing") and Daye Non-ferrous Metals Co, Ltd. ("Hubei Daye"), management of the Group has conducted impairment testing for the major non-current assets, including property, plant and equipment, prepaid lease payments and mining rights, attributable to these copper mines.

The carrying amounts of property, plant and equipment, prepaid lease payments and mining rights (net of depreciation/amortisation and accumulated impairment losses) as at 31 December 2015 attributable to these copper mines and the impairment loss recognised during the current year are as follows:

	Property, plant and equipment *RMB'000*	Prepaid lease payments *RMB'000* *(Note 18)*	Mining rights *RMB'000* *(Note 19)*	Total *RMB'000*
Carrying amounts (before deducting impairment loss)				
Tong Xing *(Note (a))*	38	–	31,711	31,749
Hubei Daye *(Note (a))*	52,542	–	–	52,542
Hui Xiang *(Note (b))*	977,359	6,905	340,255	1,324,519
Total	1,029,939	6,905	371,966	1,408,810
Impairment loss recognised				
Tong Xing *(Note (a))*	(38)	–	(31,711)	(31,749)
Hubei Daye *(Note (a))*	(52,542)	–	–	(52,542)
Hui Xiang *(Note (b))*	(292,125)	(982)	(190,255)	(483,362)
Total	(344,705)	(982)	(221,966)	(567,653)
Net carrying amount	685,234	5,923	150,000	841,157

The impairment loss recognised for the above non-current assets have been included in profit or loss in the "Other gains and losses" in the consolidated statement of profit or loss and other comprehensive income.

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Impairment assessment *(Continued)*

Notes:

(a) For the copper mines held by Tong Xing and Hubei Daye which have unfavourable future prospects, full impairment was recognised for the assets attributable to these copper mines in the current year as these copper mines have ceased their operations during the year. The management of the Group considered that the recoverable amounts of the related assets are insignificant.

(b) Hui Xiang holds one copper mine and due to the forecasted low selling price of its copper products and expected decrease in profit margin as a results of the slowdown of the global economy, an aggregate impairment loss of RMB483,362,000 was recognised for the assets attributable to its copper mine during the year. These assets mainly represent construction in progress which mainly comprising mining infrastructure and property, electricity equipment, plant and equipment and mining rights and impairment loss is allocated on a pro-rata basis to the relevant assets within the cash-generating unit based on the carrying amounts.

The recoverable amount of the copper mine held by Hui Xiang (a cash-generating unit) as at 31 December 2015 was RMB841 million and has been determined based on a value in use calculation performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, independent qualified professional valuers not connected with the Group, using the income approach.

The following describes each key assumption which management has based to prepare its cash flow projections to undertake impairment testing of the cash-generating unit:

Budgeted gross margins

Management determined budgeted gross margin based on past performance and its expectations for market development.

Raw materials price inflation

The basis used to determine the value assigned to raw materials price inflation is the forecast price indices during the budget year.

Discount rate

The discount rate used reflect specific risks relating to the cash-generating unit was 10.7% per annum, and the growth rate used to extrapolate the cash flows beyond the five-year period was 2%.

The values assigned to the key assumptions on discount rate and raw materials price inflation are consistent with external information sources. The Directors believe these major assumptions are reasonable and achievable.

17. EXPLORATION AND EVALUATION ASSETS

	RMB'000
At 1 January 2014	161,023
Additions	27,338
At 31 December 2014	188,361
Additions	12,650
Transfer to mining rights *(Note 19)*	(75,966)
At 31 December 2015	125,045

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

18. PREPAID LEASE PAYMENTS

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

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Non-current assets *(Note)*	**701,497**	704,205
Current assets	**20,443**	20,456
	721,940	724,661

Note: The amount is after deducting impairment loss of RMB982,000 (2014: Nil) recognised during the year (See Note 16 for details).

19. INTANGIBLE ASSETS

	Mining rights *RMB'000*	Others *RMB'000*	Total *RMB'000*
Cost:			
At 1 January 2014	1,195,732	10,885	1,206,617
Additions	65,490	823	66,313
At 31 December 2014	1,261,222	11,708	1,272,930
Additions	79,136	70	79,206
At 31 December 2015	1,340,358	11,778	1,352,136
Accumulated amortisation and impairment:			
At 1 January 2014	(285,665)	(4,685)	(290,350)
Amortisation	(27,897)	(1,130)	(29,027)
Impairment *(Note)*	(175,636)	–	(175,636)
At 31 December 2014	(489,198)	(5,815)	(495,013)
Amortisation	(28,875)	(1,072)	(29,947)
Impairment *(Note)*	(221,966)	–	(221,966)
At 31 December 2015	(740,039)	(6,887)	(746,926)
Carrying amounts:			
At 31 December 2015	600,319	4,891	605,210
At 31 December 2014	772,024	5,893	777,917

19. INTANGIBLE ASSETS *(Continued)*

Note:

As at 31 December 2015, the Group recognised losses on impairment of mining rights of RMB31,711,000 (2014: RMB94,636,000) and RMB190,255,000 (2014: RMB81,000,000) in relation to certain of the Group's copper mines in Xinjiang Uygur Autonomous Region in the PRC held by Tong Xing and Hui Xiang, respectively, in view of the unfavourable future prospects of the relevant copper mines due to the forecasted low selling price of their copper products and expected decrease in profit margin as a result of the slowdown of the global economy.

As mentioned in Note 16(a), full impairment was recognised for assets attributable to the copper mine held by Tong Xing in the current year upon management's decision to cease their operation during the year. The management of the Group considered that the fair value less costs of disposal of the related assets are insignificant.

For the purpose of impairment assessment, the recoverable amount of the mining right held by Hui Xiang is determined together with the non-current assets attributable to the related copper mine (together with the mining right as a cash-generating unit). Details of which are mentioned in Note 16(b).

At 31 December 2014, the recoverable amounts of the mining rights held by Tong Xing and Hui Xiang have been determined at approximately RMB49 million and RMB359 million, respectively, on the basis of their fair values less costs of disposal determined using the income approach. Major assumptions included future copper price, future production costs and discount rate which reflect the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

The loss on impairment of mining rights has been included in profit or loss in the "Other gains and losses" line item.

20. INTERESTS IN JOINT VENTURES

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

	At 31 December 2015 RMB'000	2014 RMB'000
Cost of investments in joint ventures, unlisted	**64,702**	64,702
Share of post-acquisition results and other comprehensive income, net of dividends received	**(24,283)**	48,263
	40,419	112,965

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

Name of entity	Country of incorporation/ registration	Principal place of operation	Proportion of ownership interest held by the Group 2015	2014	Proportion of voting rights held by the Group (Note (i)) 2015	2014	Principal activities
China Daye Hong Kong Investment Limited ("China Daye HK")	Hong Kong	Hong Kong	**95%**	95%	**50%**	50%	Trading of metals and minerals
China Daye Hong Kong Holding Limited	Hong Kong	Hong Kong	**95%**	95%	**50%**	50%	Trading of metals and minerals
China National Resources Investment Limited	Hong Kong	Hong Kong	**95%**	95%	**50%**	50%	Investment holding
China National Recycling International Trading Limited	Hong Kong	Hong Kong	**95%**	95%	**50%**	50%	Investment holding
Jetlight Investment Limited	BVI	Hong Kong	**95%**	95%	**50%**	50%	Investment holding
Keytrade Investments Limited	BVI	Hong Kong	**95%**	95%	**50%**	50%	Trading of metals and minerals
Shenzhen Rainbow Nonferrous Metals Co., Ltd ("Shenzhen Rainbow")	PRC	PRC	**95%**	95%	**50%**	50%	Investment holding and trading of metals and minerals
Shinemax Group Limited	BVI	Hong Kong	**95%**	95%	**50%**	50%	Investment holding
Hope Ring Investment Limited *(Note (ii))*	BVI	Hong Kong	**95%**	N/A	**50%**	N/A	Trading of metal and materials

Notes:

(i) Pursuant to the relevant shareholders' agreement of the above entities, resolutions of shareholders' meetings and directors' meetings require unanimous consent of the Group and another shareholder of these entities.

(ii) Hope Ring Investment Limited was incorporated during the year ended 31 December 2015.

20. INTERESTS IN JOINT VENTURES *(Continued)*

Summarised financial information of material joint ventures

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

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

	At 31 December 2015		At 31 December 2014	
	China Daye HK	Shenzhen Rainbow	China Daye HK	Shenzhen Rainbow
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets	3,886,700	8,926,593	5,973,878	6,076,162
Non-current assets	459	387	680	54
Current liabilities	(3,823,486)	(8,917,388)	(5,904,335)	(6,028,115)
Net assets	63,673	9,592	70,223	48,101
The above amounts of assets and liabilities include the following:				
Cash and cash equivalents	429,750	125,818	40,902	1,249,139
Other current financial liabilities (excluding trade and other payables and provisions)	(3,729,802)	(914,744)	(5,749,321)	(427,010)

	Year ended 31 December			
	2015		2014	
	China Daye HK	Shenzhen Rainbow	China Daye HK	Shenzhen Rainbow
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Profit/(loss) for the year	36,184	36,400	62,138	(86,823)
Other comprehensive (expense)/income	–	(74,909)	–	74,909
Total comprehensive income/(expense) for the year	36,184	(38,509)	62,138	(11,914)
Dividend received from the joint venture	40,597	–	–	–
The above profit/(loss) for the year including the following:				
Depreciation and amortisation	251	37	82	32
Interest income	2,000	–	227	8,440
Income tax expense/(credit)	6,426	9	8,127	(23)

In addition, the Group's aggregate share of post-tax loss and total comprehensive expense for individually immaterial joint ventures for the year ended 31 December 2015 amounted to RMB29,739,000 (2014: share of post-tax profit and total comprehensive income of RMB550,000).

20. INTERESTS IN JOINT VENTURES *(Continued)*

Summarised financial information of material joint ventures *(Continued)*

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

	At 31 December 2015		At 31 December 2014	
	China Daye HK	**Shenzhen Rainbow**	China Daye HK	Shenzhen Rainbow
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Net assets	**63,673**	**9,592**	70,223	48,101
Proportion of the Group's ownership interest	**95%**	**95%**	95%	95%
Carrying amount of the Group's interest	**60,489**	**9,112**	66,712	45,696

21. DEFERRED TAXATION

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

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Deferred tax assets	**230,818**	87,950
Deferred tax liabilities	**(279)**	(121,071)
	230,539	(33,121)

21. DEFERRED TAXATION *(Continued)*

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

Deferred tax assets

	Accrued expenses	Provision for mine rehabilitation, restoration and dismantling	Early retirement obligations	Impairment losses	Write-down of inventories	Tax losses	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2014	25,186	9,792	9,966	10,144	3,760	6,333	581	65,762
(Charged)/credited to profit or loss	(4,825)	294	(2,564)	18,514	1,600	(656)	9,825	22,188
At 31 December 2014	20,361	10,086	7,402	28,658	5,360	5,677	10,406	87,950
(Charged)/credited to profit or loss	(7,233)	303	(2,102)	30,162	153,070	7,223	(1,055)	180,368
At 31 December 2015	13,128	10,389	5,300	58,820	158,430	12,900	9,351	268,318

Deferred tax liabilities

	Mining rights	Convertible note/bonds	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2014	(94,000)	(37,381)	(131,381)
Credited to profit or loss	–	10,339	10,399
Exchange realignment	–	(29)	(29)
At 31 December 2014	(94,000)	(27,071)	(121,071)
Credited to profit or loss	56,500	26,792	83,292
At 31 December 2015	(37,500)	(279)	(37,779)

21. DEFERRED TAXATION *(Continued)*

As at 31 December 2015, the Group had unrecognised tax losses of RMB384,858,000 (31 December 2014: RMB101,434,000) and unrecognised deductible temporary differences of RMB500,930,000 (31 December 2014: RMB280,819,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The unrecognised tax loss will be expired in the following years:

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
To be expired on:		
31 December 2015	**–**	17,526
31 December 2016	**7,270**	3,430
31 December 2017	**8,366**	3,253
31 December 2018	**13,245**	13,245
31 December 2019	**63,980**	63,980
31 December 2020	**291,997**	–
Total unrecognised tax losses	**384,858**	101,434

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB303,445,000 as at 31 December 2015 (31 December 2014: RMB906,934,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

22. INVENTORIES

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Raw materials	**3,249,878**	2,475,183
Work in progress	**998,718**	1,740,503
Finished goods	**414,298**	279,278
	4,662,894	4,494,964

23. TRADE AND BILLS RECEIVABLES

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**136,594**	321,080
Less: Allowance of doubtful debts	**(10,353)**	(11,134)
	126,241	309,946
Bills receivables:		
Bills receivable on hand	**23,468**	29,187
Endorsed to suppliers	**55,730**	97,386
Discounted to Daye Finance Company	**59,138**	50,675
Discounted to banks	**34,223**	–
	172,559	177,248
Total trade and bills receivables	**298,800**	487,194

The majority of sales are made under contractual arrangements whereby a significant portion of amount of each sale is received before delivery or promptly after delivery and the remainder is normally received within 6 months to 1 year after delivery.

The ageing of bills receivables, based on the revenue recognition date are within 1 year.

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

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Less than 1 year	**111,732**	309,301
1–2 years	**14,168**	524
2–3 years	**195**	121
Over 3 years	**146**	–
	126,241	309,946

23. TRADE AND BILLS RECEIVABLES *(Continued)*

Ageing of trade receivables which are past due but not impaired

Included in the Group's trade receivables as at 31 December 2015 are debtors with aggregate carrying amount of RMB42,405,000 (2014: RMB67,763,000) which are past due as at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The ageing of these receivables are as follows:

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Less than 1 year	**38,559**	67,118
1–2 years	**3,688**	524
2–3 years	**158**	121
	42,405	67,763

Movements in the allowance for doubtful debts on trade receivables

	RMB'000
At 1 January 2014	4,443
Impairment loss recognised, net	6,691
At 31 December 2014	11,134
Reversal of impairment loss, net	(781)
At 31 December 2015	10,353

23. TRADE AND BILLS RECEIVABLES *(Continued)*

Movements in the allowance for doubtful debts on trade receivables *(Continued)*

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of RMB10,353,000 as at 31 December 2015 (2014: RMB11,134,000) which full impairment has been provided.

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

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Fellow subsidiaries	**1,423**	272,228
Daye Group	**88,748**	–

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

Analysis of accounts and bills receivable denominated in currencies other than the functional currency of the entities comprising the Group to which they relate:

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Denominated in US$	**538**	277,966

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Classified under non-current assets:		
Deposits for acquisition of property, plant and equipment	**47,733**	47,380
Classified under current assets:		
Prepayments for inventories	**376,418**	188,473
Value-added tax recoverable	**90,547**	194,711
Other receivables	**302,189**	139,556
Less: Allowance of doubtful debts on other receivables	**(22,382)**	(22,499)
	746,772	500,241

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

Movements in the allowance for doubtful debts on other receivables

	RMB'000
At 1 January 2014	36,132
Reversal of impairment loss, net	(13,633)
At 31 December 2014	22,499
Reversal of impairment loss, net	(117)
At 31 December 2015	22,382

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

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Prepayments made to fellow subsidiaries	**19,469**	7,867
Amounts due from joint ventures	**188,618**	52,071

The amounts due from joint ventures are unsecured, interest-free and are repayable on demand.

25. DERIVATIVE FINANCIAL INSTRUMENTS

	Current Assets		**Current Liabilities**	
	At 31 December		**At 31 December**	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Copper futures contracts	**2,251**	72	**7,617**	–
Copper option contracts	**–**	–	**172**	15,645
Gold futures contracts	**826**	33,728	**72,016**	34,704
Gold option contracts	**–**	–	**–**	86
Silver futures contracts	**2,124**	793	**696**	207
Silver option contracts	**–**	–	**–**	3,259
Currency forward contracts	**–**	5,761	**1,608**	7,647
	5,201	40,354	**82,109**	61,548

25. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Major terms of the futures and option contracts are as follows:

	At 31 December			
	2015		2014	
Contract type	**Quantity**	**Contract price *(RMB)***	Quantity	Contract price *(RMB)*
Copper futures contracts (tonnes)				
Buy	90,236	38,253 to 30,709	–	–
Sell	38,672	34,815 to 36,558	775	46,590 to 46,680
Copper option contracts (tonnes)				
Sell	1,000	34,815 to 36,558	1,754	46,545 to 46,550
Gold futures contracts (kg)				
Buy	5,090	223,000 to 246,000	49,560	223,800 to 246,700
Sell	675	225,292	1,026	233,700 to 248,200
Gold option contracts (kg)				
Sell	–	–	91	277,333
Silver futures contracts (kg)				
Buy	6,885	3,270 to 3,425	48,510	3,395 to 3,766
Sell	84,510	3,425	6,345	3,391 to 3,469
Silver option contracts (kg)				
Sell	–	–	11,827	3,792 to 4,008

25. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Major terms of the foreign currency forward contracts are as follows:

Nominal amount	Exchange rates
At 31 December 2015	
Buy US$53,000,000	US$1:RMB6.5003 to RMB6.6016
At 31 December 2014	
Buy US$124,400,000	US$1:RMB6.1403 to RMB6.3625
Sell US$63,029,000	US$1:RMB6.2351 to RMB6.2634

The Group uses commodity derivative contracts as an economic hedge of its commodity price risk and its exposure to variability in fair value changes attributable to price fluctuation risk associated with certain copper, gold and silver products. Commodity derivative contracts utilised by the Group include standardised copper futures contracts in Shanghai Futures Exchange and other futures exchanges. Besides, the Group also entered into currency forward contracts with certain banks to hedge certain of its currency risk arising from certain of its bank loans denominated in United States Dollar ("US$").

The Group did not formally designate or document the hedging transactions with respect to the commodity derivative contracts and foreign currency forward contracts. Therefore, those transactions were not designated for hedge accounting.

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

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

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

25. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

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

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

	Gross amounts recognised of financial assets At 31 December		Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position At 31 December		Net amounts of financial assets presented in the consolidated statement of financial position 31 December	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Deposits in futures margin accounts *(Note 26)*	**138,256**	117,249	**–**	–	**138,256**	117,249
Derivatives in respect of:						
Copper futures contracts	**2,251**	72	**–**	–	**2,251**	72
Gold futures contracts	**826**	33,728	**–**	–	**826**	33,728
Silver futures contracts	**2,124**	793	**–**	–	**2,124**	793
Silver option contracts	**–**	–	**–**	–	**–**	–
Currency forward contracts	**–**	5,761	**–**	–	**–**	5,761
Total	**143,457**	157,603	**–**	–	**143,457**	157,603

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

	Net amount of financial assets presented in the consolidated statement of financial position At 31 December		Related amounts not set off in the consolidated statement of financial position: Financial derivative liabilities At 31 December		Related amounts not set off in the consolidated statement of financial position: Cash collateral received At 31 December		Net amount At 31 December	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Counterparty A	**103,727**	112,334	**(3,129)**	(1,659)	**–**	–	**100,598**	110,675
Counterparty B	**16,307**	3,000	**(2,697)**	–	**–**	–	**13,610**	3,000
Counterparty C	**9,986**	20,682	**–**	(25)	**–**	–	**9,986**	20,657
Counterparty D	**7,974**	8,300	**–**	–	**–**	–	**7,974**	8,300
Counterparty E	**5,373**	7,123	**–**	–	**–**	–	**5,373**	7,123
Counterparty F	**90**	404	**–**	–	**–**	–	**90**	404
Others	**–**	5,760	**–**	(2,952)	**–**	–	**–**	2,808
	143,457	157,603	**(5,826)**	(4,636)	**–**	–	**137,631**	152,967

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For the year ended 31 December 2015

25. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

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

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

	Gross amounts recognised financial liabilities At 31 December		Gross amounts of recognised financial assets set off in the consolidated statement of financial position At 31 December		Net amounts of financial liabilities presented in the consolidated statement of financial position At 31 December	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Derivatives in respect of:						
Copper futures contracts	**7,617**	–	**–**	–	**7,617**	–
Copper option contracts	**172**	15,645	**–**	–	**172**	15,645
Gold futures contracts	**72,016**	34,704	**–**	–	**72,016**	34,704
Gold option contracts	**–**	86	**–**	–	**–**	86
Silver futures contracts	**696**	207	**–**	–	**696**	207
Silver option contracts	**–**	3,259	**–**	–	**–**	3,259
Currency forward contracts	**1,608**	7,647	**–**	–	**1,608**	7,647
Total	**82,109**	61,548	**–**	–	**82,109**	61,548

25. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

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

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

	Net amount of financial liabilities presented in the consolidated statement of financial position At 31 December		Related amounts not set off in the consolidated statement of financial position					
			Financial derivative assets At 31 December		Cash collateral pledged At 31 December		Net amount At 31 December	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Counterparty A	**3,129**	1,659	**(3,129)**	(1,659)	**–**	–	**–**	–
Counterparty B	**2,697**	–	**–**	–	**(2,697)**	–	**–**	–
Counterparty C	**–**	25	**–**	–	**–**	(25)	**–**	–
Counterparty D	**–**	–	**–**	–	**–**	–	**–**	–
Counterparty E	**–**	–	**–**	–	**–**	–	**–**	–
Counterparty F	**–**	–	**–**	–	**–**	–	**–**	–
Counterparty G	**44,510**	2,952	**–**	(2,952)	**–**	–	**44,510**	–
Counterparty H	**2,010**	–	**–**	–	**–**	–	**2,010**	–
Counterparty I	**626**	–	**–**	–	**–**	–	**626**	–
Counterparty J	**7**	156	**–**	–	**–**	–	**7**	156
Counterparty K	**1,362**	–	**–**	–	**–**	–	**1,362**	–
Counterparty L	**19,480**	–	**–**	–	**–**	–	**19,480**	–
Counterparty M	**8,288**	–	**–**	–	**–**	–	**8,288**	–
Others	**–**	56,756	**–**	–	**–**	–	**–**	56,756
	82,109	61,548	**(3,129)**	(4,611)	**(2,697)**	(25)	**76,283**	56,912

26. BANK AND OTHER DEPOSITS, BANK BALANCES AND CASH

Restricted deposits and bank balances

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Bank deposits *(Note (a))*	**400,000**	767,490
Bank balances *(Note (b))*	**10,980**	8,093
Other deposits *(Note (c))*	**138,256**	117,249
	549,236	892,832

Notes:

(a) The bank deposits as at 31 December 2015 and 2014 were are pledged to banks as security for certain banking facilities of a joint venture and the Group (Note 29), respectively. The effective interest rate of these bank deposits is 3.95% (2014: 1.15%) per annum.

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

(c) Other deposits represent deposits in margin accounts held in Shanghai Future Exchange and other futures exchanges and certain financial institutions as security for the commodities derivative and currency forward contracts (Note 25).

Bank and other deposits, bank balances and cash

As at 31 December 2015, the amount included deposits in Daye Finance Company of RMB575,591,000 (2014: RMB460,842,000), which bear interest at rate ranging from 1.15% to 1.49% (2014: 0.35% to 1.15%) per annum and repayable on demand. The remaining bank deposits and balances carry interest at market rates ranging from 0.35% to 4.00% (2014: 0.35% to 4.13%) per annum.

Analysis of bank and other deposits, bank balances and cash denominated in currencies other than the functional currency of the entities comprising the Group to which they relate:

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Denominated in US$	**594,517**	978,732
Denominated in HK$	**4,429**	2,264
Denominated in Pound Sterling	**45**	44
	598,991	981,040

27. TRADE AND BILLS PAYABLES

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Trade payables	**1,657,143**	1,008,951
Bills payables	**–**	124,500
	1,657,143	1,133,451

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

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Within 1 year	**1,634,751**	991,920
More than 1 year, but less than 2 years	**14,551**	7,874
More than 2 years, but less than 3 years	**225**	2,610
Over 3 years	**7,616**	6,547
	1,657,143	1,008,951

The maturity period of bills payables are within 6 months.

Included in the Group's trade and bills payables are payables to fellow subsidiaries of RMB259,477,000 (2014: RMB72,065,000). The payables to fellow subsidiaries are unsecured, interest-free and are repayable according to respective purchase contracts.

Analysis of trade payables denominated in currencies other than the functional currency of the entities comprising the Group to which they relate:

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Denominated in US$	**941,658**	444,866

28. OTHER PAYABLES AND ACCRUED EXPENSES

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Receipts in advance from customers	**63,874**	45,083
Salaries and welfare payables	**100,433**	88,803
Interest payables	**41,769**	20,149
Current portion of deferred income *(Note 32)*	**17,772**	15,302
Payables for purchase of property, plant and equipment *(Note (a))*	**728,068**	691,458
Payables to Huangshi Labour and Social Security Bureau	**–**	30,720
Deposits received for construction projects	**70,856**	90,629
Amounts due to Daye Group *(Note (b))*	**18,853**	16,401
Amounts due to joint ventures *(Note (b))*	**246,066**	110,216
Other payables and accruals	**184,444**	161,204
	1,472,135	1,269,965

Notes:

(a) Included in payable for purchase of property, plant and equipment are payables to fellow subsidiaries of RMB427,117,000 (2014: RMB303,355,000) in relation to the construction work conducted by these fellow subsidiaries. The amounts are unsecured, interest-free and repayable in accordance with the terms of the relevant construction contracts.

(b) The amounts due to Day Group and joint ventures are unsecured, interest-free and repayable on demand.

29. BANK AND OTHER BORROWINGS

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Bank borrowings:		
Secured *(Note (a))*	**–**	755,697
Unsecured	**5,728,792**	4,759,747
Other borrowings:		
Loans from Daye Group, unsecured *(Note (b))*	**1,504,612**	1,758,009
Loans from Daye Finance Company, unsecured *(Note (b))*	**373,000**	228,000
Advance from Daye Finance Company for discounted bills	**59,138**	50,675
Advance from banks for discounted bills	**34,223**	–
Gold loans *(Note (c))*	**1,134,663**	1,430,440
Silver loans *(Note (c))*	**4,332**	–
	8,838,760	8,982,568
Bank borrowings carrying amounts repayable*:		
Within one year	**1,718,503**	3,022,365
More than one year, but not exceeding two years	**3,748,314**	1,402,900
More than two years, but not exceeding five years	**261,975**	3,127
More than five years	**–**	1,087,052
	5,728,792	5,515,444
Other borrowings carrying amounts repayable*:		
Within one year	**1,860,916**	1,999,115
More than one year, but not exceeding two years	**355,000**	290,000
More than two years, but not exceeding five years	**894,052**	685,000
More than five years	**–**	493,009
	3,109,968	3,467,124
Less: Amounts due within one year shown under current liabilities	**(3,579,419)**	(5,021,480)
Amounts shown under non-current liabilities	**5,259,341**	3,961,088

* The amounts due are based on scheduled payment dates set out in the loan agreements.

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Fixed-rate borrowings	**4,802,427**	7,401,946
Variable-rate borrowings	**4,036,333**	1,580,622
Total borrowings	**8,838,760**	8,982,568

29. BANK AND OTHER BORROWINGS *(Continued)*

	Year ended 31 December 2015	2014
Effective interest rate: (per annum)		
Fixed-rate borrowings	**1.50% to 5.79%**	1.36% to 5.90%
Variable-rate borrowings*	**1.41% to 5.90%**	1.67% to 5.90%

* These borrowings bear floating rate based on London Interbank Offer Rate or benchmark interest rates quoted by People's Bank of China ("PBOC").

Notes:

(a) The secured bank borrowings as at 31 December 2014 bore interest rate ranging 1.67% to 5.09% per annum and secured by bank deposits of RMB767,490,000 *(Note 26)*.

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

Daye Group

Interest rate	Terms of repayment	At 31 December 2015 RMB'000	2014 RMB'000
Fixed rate:			
At 4.98% per annum	Repayable on 1 January 2020	**362,216**	490,000
At 4.98% per annum	Repayable on 1 December 2016	**–**	90,000
At 5.79% per annum	Repayable on 24 January 2016	**500,000**	500,000
At 6.15% per annum	Repayable from 19 January 2016 to 14 August 2017	**110,000**	185,000
At 4.6% per annum	Repayable on 27 August 2016	**560**	–
Floating rate:			
Quoted by Bank of China	Repayable on 1 January 2020	**46,232**	493,009
Quoted by Bank of China	Repayable on 1 January 2020	**485,604**	–
		1,504,612	1,758,009

Daye Finance Company

Interest rate	Terms of repayment	At 31 December 2015 RMB'000	2014 RMB'000
Fixed rate:			
At 3.915% per annum	Repayable on 15 January 2017	**255,000**	–
At 5.00% per annum	Repayable on 21 October 2016	**28,000**	28,000
At 5.04% per annum	Repayable on 4 and 5 January 2016	**–**	200,000
At 5.61% per annum	Repayable on 3 June 2016	**90,000**	–
		373,000	228,000

29. BANK AND OTHER BORROWINGS *(Continued)*

Notes: (Continued)

(c) During the year, unrealised gains arising from change in fair value of silver loans designated as financial liabilities at FVTPL amounted to RMB641,000 (2014: nil) and unrealised losses arising from change in fair value of gold loans designated as financial liabilities at FVTPL amounted to RMB31,878,000 (2014: RMB145,219,000). The above unrealised gains and losses have been charged to profit or loss for the year ended 31 December 2015. The silver loans and gold loans bear interest ranging from 2.2% to 3.5% (2014: 2.2% to 3.5%) per annum and are repayable within one year.

Analysis of bank and other borrowings denominated in currencies other than the functional currency of the entities comprising the Group to which they relate:

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Denominated in US$	**1,174,738**	3,098,507
Denominated in HK$	**–**	99,837
	1,174,738	3,198,344

30. PROVISION FOR MINE REHABILITATION, RESTORATION AND DISMANTLING

	RMB'000
At 1 January 2014	39,169
Interest cost charged to profit or loss *(Note 10)*	1,175
At 31 December 2014	40,344
Interest cost charged to profit or loss *(Note 10)*	1,210
At 31 December 2015	41,554

The provision for mine rehabilitation, restoration and dismantling includes the anticipated costs of future rehabilitation, restoration and dismantling of mining areas from which natural resources have been extracted. These provisions include future cost estimates associated with plant closures, waste site closures, monitoring, demolition, decontamination, water purification, and permanent storage of historical residues. The discount rate using in determining this provision is 3% (2014: 3%) per annum.

31. CONVERTIBLE NOTE/BONDS

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Debt component: *(Note (a))*		
HK$1,003,836,048 zero coupon convertible note (the "Note")	**741,452**	616,816
RMB820,000,000 0.5% convertible bonds (the "Bonds")	**669,908**	736,984
	1,411,360	1,353,800
Derivative component of the Note/Bonds (Note (b))	**18,999**	24,119
	1,430,359	1,377,919
Less: Amounts shown under current liabilities	**(669,908)**	–
Amount shown under non-current liabilities	**760,451**	1,377,919

Notes:

(a) The effective interest rate of the debt component of the Note and Bonds is 11.2% and 8.1%, respectively. The movements of the debt component of the Note and Bonds, which are measured at amortised cost are as follows:

	The Note	The Bonds	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2014	562,664	674,966	1,237,630
Interest expense *(Note 10)*	63,512	66,118	129,630
Interest paid	–	(4,100)	(4,100)
Exchange difference	(9,360)	–	(9,360)
At 31 December 2014	616,816	736,984	1,353,800
Interest expense *(Note 10)*	71,449	62,857	134,306
Interest paid	–	(3,760)	(3,760)
Converted into ordinary shares *(Note 34)*	–	(126,173)	(126,173)
Exchange difference	53,187	–	53,187
At 31 December 2015	741,452	669,908	1,411,360

(b) Due to the change of the functional currency of the Company as detailed in Note 2, the Company reassessed the derivative components of the Note and the Bonds and recognised the fair value of the derivative component of the Note that was determined based on the valuations performed by Jones Lang LaSalle using the Binomial Model. During the year, changes in the fair value of derivative component of gain of RMB5,120,000 (2014: gain of RMB92,525,000) are recognised in profit or loss.

31. CONVERTIBLE NOTE/BONDS *(Continued)*

Notes: (Continued)

(c) The details of the Note and the Bonds are as follows:

The Note

The Note in the aggregate principal amount of HK$1,003,836,048 is part of the consideration in respect of the Transaction (as defined in Note (ii) in the consolidated statement of changes in equity) and was issued to China Times on 7 March 2012.

The outstanding principal amount under the Note does not bear any interest. The Note do not carry any voting right. The effective interest rate is 11.2%.

The Note may be transferred and assigned, in whole or in part, at any time before the maturity date, subject to the approval of the Hong Kong Stock Exchange (if required) and the consent of the Company.

The Note entitles the holder to convert to ordinary shares of the Company at an initial conversion price of HK$0.5 (subject to the anti-dilutive adjustments in accordance with the terms of the Note) at any time during the period commencing from the issue date of the Note. Such conversion option is treated as the derivative component of the Note and is stated at fair value with changes recorded in profit or loss. The Group determined the fair value of the conversion option at the end of reporting period based on the valuations performed by Jones Lang LaSalle using the Binomial Model as detailed in Note 36.

Unless previously converted and cancelled by the Company, the Company shall redeem any outstanding Note at the redemption amount (which is equal to the outstanding principal amount under the Note) on the maturity date which is the date falling five years after the issue date. Upon full conversion of the Note at the conversion price of HK$0.5, an aggregate of 2,007,672,096 conversion shares will be issued by the Company.

The Bonds

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

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

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

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

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

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

31. CONVERTIBLE NOTE/BONDS *(Continued)*

Notes: (Continued)

(c) The details of the Note and the Bonds are as follows: *(Continued)*

The Bonds *(Continued)*

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

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

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

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

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

In the opinion of the Directors, the fair value of all early redemption option is insignificant on initial recognition and at the end of the reporting period.

During the year ended 31 December 2015, an aggregate principal amount of RMB136,000,000 (2014: Nil) of the Bonds was converted into 567,668,520 new ordinary shares of HK$0.05 each (Note 34). The corresponding convertible bonds equity reserve of RMB20,806,000 (2014: Nil) was reclassified to share premium account of the Company upon the conversion.

The debt component of the Bonds was classified as current liabilities as at 31 December 2015 as the Company does not have an unconditional right to defer payment more than twelve months after the end of the reporting period.

32. DEFERRED INCOME

	RMB'000
At 1 January 2014	229,159
Government grants obtained	30,110
Credited to profit or loss *(Note 8)*	(13,535)
At 31 December 2014	245,734
Government grants obtained	34,240
Credited to profit or loss *(Note 8)*	(18,482)
At 31 December 2015	261,492

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Analysed as:		
Current *(Note 28)*	**17,772**	15,302
Non-current	**243,720**	230,432
	261,492	245,734

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

33. EARLY RETIREMENT OBLIGATIONS

	RMB'000
At 1 January 2014	39,863
Interest cost charged to profit or loss *(Note 10)*	1,580
Benefits paid	(11,835)
At 31 December 2014	29,608
Interest cost charged to profit or loss *(Note 10)*	900
Benefits paid	(9,039)
At 31 December 2015	21,469

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Analysed as:		
Current	**5,630**	7,530
Non-current	**15,839**	22,078
	21,469	29,608

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

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

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

	2015	2014
	%	*%*
Discount rate (per annum)	**2.5**	3.5
Expected living cost inflation rate (per annum)	**5**	5

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

34 SHARE CAPITAL

Ordinary share capital of the Company

	Number of shares	Amount
		HK$'000
Ordinary shares of HK$0.05 each		
Authorised:		
At 1 January 2014, 31 December 2014 and 31 December 2015	30,000,000,000	1,500,000
		RMB'000
Issued and fully paid:		
At 1 January 2014 and 31 December 2014	17,327,911,186	705,506
Issue of shares upon conversion of the Bonds	567,668,520	22,387
At 31 December 2015	17,895,579,706	727,893

During the year, 567,668,520 new ordinary shares of HK$0.05 each were issued upon the conversion of the Bonds (Note 31), resulting credit to ordinary share capital of RMB22,387,000 and share premium account of the Company of RMB103,786,000.

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

35. CAPITAL MANAGEMENT

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

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

Gearing ratio

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

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

		At 31 December	
		2015	2014
	Notes	***RMB'000***	*RMB'000*
Debts	*(i)*	**10,269,119**	10,360,487
Less: Restricted bank balances, bank and other deposits, bank balances and cash		**(1,704,879)**	(2,176,769)
Net debts		**8,564,240**	8,183,718
Equity attributable to owners of the Company	*(ii)*	**2,624,443**	3,545,771
Net debts to equity ratio		**326.3%**	230.8%

Notes:

(i) Debts comprise non-current and current bank and other borrowings, and convertible note/bonds as detailed in Notes 29 and 31, respectively.

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

36. FINANCIAL INSTRUMENTS

Categories of financial instruments

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	**2,421,742**	2,898,269
Financial assets at FVTPL:		
Derivative instruments	**5,201**	40,354
Financial liabilities		
Amortised costs	**12,158,757**	11,160,156
At FVTPL:		
Gold loans	**1,134,663**	1,430,440
Silver loans	**4,332**	–
Derivative instruments	**82,109**	61,548
Derivative component of convertible note/bonds	**18,999**	24,119

Financial risk management objectives and policies

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

Commodity price risk

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

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

36. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Commodity price risk *(Continued)*

Financial assets and liabilities of the Group that expose to the commodity price risk — the fair value change, primarily with respect to its outstanding derivative financial instruments, mainly the copper and other metal derivative contracts.

The following table details the Group's sensitivity to movement in prices in respect of its outstanding commodity derivative contracts at each reporting date. At each reporting date, if the prices of these commodity derivative contracts increased/decreased by a reasonable possible change, with all other variables were held constant, the Group's loss after tax would have been affected as set out below:

	2015 (Increase) decrease in loss after tax *RMB'000*	2014 (Increase) decrease in loss after tax *RMB'000*
The prices of the commodity derivative contracts:		
Increased by 10%	**(7,852)**	(144,893)
Decreased by 10%	**7,852**	144,893

Interest rate risk

The Group is exposed to interest rate volatility on bank and other deposits, bank balances and borrowings. Bank and other deposits, bank balances and borrowings at variable rates expose the Group to cash flow interest rate risk. Bank and other deposits, bank balances, convertible note/bonds and borrowings at fixed rates expose the Group to fair value interest rate risk. Details of the Group's restricted deposits and bank balances, bank and other deposits, bank balances and cash, and bank and other borrowings have been disclosed in Notes 26 and 29. The Group does not use derivative financial instruments to hedge its interest rate risk.

The Group's cash flow interest rate risk is mainly concentrated on fluctuation of benchmark interest rates quoted by PBOC and London InterBank Offer Rate.

36. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Interest rate risk *(Continued)*

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

	2015		2014	
	+100 basis points (Increase) decrease in loss after tax	–100 basis points (Increase) decrease in loss after tax	+100 basis points (Increase) decrease in loss after tax	–100 basis points (Increase) decrease in loss after tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities:				
Bank and other borrowings	**(26,822)**	**26,822**	(5,437)	5,437

Foreign exchange risk

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

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

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

36. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Foreign exchange risk *(Continued)*

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

	2015 (Increase) decrease in loss after tax RMB'000	2014 (Increase) decrease in loss after tax RMB'000
RMB–US$		
Appreciation of RMB by 5%	57,505	107,348
Depreciation of RMB by 5%	(57,505)	(107,348)

Credit risk

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

The Group has policies in place to ensure that sales of products on credit terms are made to customers with an appropriate credit history. The credit risk arising from sales to major non-ferrous metals customers are managed by contracts that stipulate an upfront payment of significant portion of the amount of each sale and the remaining balance is normally received within 6 months to 1 year after delivery. The Group performs periodic credit evaluations of its customers and slow moving debts, if any, are regular monitored with timely follow-up action taken.

The Group has concentration of credit risk because 51.9% (2014: 45.5%) of revenue are generated from its top 10 customers which account for 9% (2014: 76%) of trade receivables as at 31 December 2015.

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

Bills receivables are only drawn from major state-owned financial institutions in the PRC. Substantially all the bank and other deposits, restricted deposits and bank balances as detailed in Note 26 are held in major state-owned financial institutions located in the PRC and substantially all derivative financial instruments also directly entered into with the Shanghai Futures Exchange, other futures exchange and banks with high credit rating, which management believes are of high credit quality. The Group has a policy to limit the amount of credit exposure to any financial institution and management does not expect any loss arising from non-performance by these counterparties.

36. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk

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

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

	Weighted average effective interest rate	Less than 1 year and on demand	1 to 2 years	2 to 5 years	More than 5 years	Total undiscounted cash flows	Carrying amounts
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2015							
Non-derivative financial liabilities:							
Trade and bills payables	–	**1,657,143**	–	–	–	**1,657,143**	**1,657,143**
Other payables	–	**1,390,489**	–	–	–	**1,390,489**	**1,390,489**
Bank and other borrowings							
— fixed rate	**3.60**	**2,355,105**	**1,737,147**	**1,043,447**	–	**5,135,699**	**4,802,427**
— variable rate	**4.44**	**1,533,093**	**2,525,455**	**209,548**	–	**4,268,096**	**4,036,333**
Convertible note/bonds	**8.1–11.2**	**669,908**	**800,563**	–	–	**1,470,471**	**1,430,359**
		7,605,738	**5,063,165**	**1,252,995**	–	**13,921,898**	**13,316,751**
Derivative — net settlement	–	**80,501**	–	–	–	**80,501**	**80,501**
31 December 2014							
Non-derivative financial liabilities:							
Trade and bills payables	–	1,133,451	–	–	–	1,133,451	1,133,451
Other payables	–	1,120,777	–	–	–	1,120,777	1,120,777
Bank and other borrowings							
— fixed rate	3.91	4,709,418	1,463,600	638,997	1,091,635	7,903,650	7,401,946
— variable rate	4.77	540,548	374,618	349,694	496,087	1,760,947	1,580,622
Convertible note/bonds	8.1–11.2	4,100	834,514	789,216	–	1,627,830	1,377,919
		7,508,294	2,672,732	1,777,907	1,587,722	13,546,655	12,614,715
Derivative — net settlement	–	53,901	–	–	–	53,901	53,901

36. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

The amounts included above of variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimate of interest rates determined at the end of the reporting period.

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

	Less than 1 year and on demand *RMB'000*	1 to 2 years *RMB'000*	2 to 5 years *RMB'000*	More than 5 years *RMB'000*	Total undiscounted cash flows *RMB'000*	Carrying amounts as (assets) liabilities *RMB'000*
31 December 2015						
Currency forward contracts:						
Inflow	**(344,160)**	–	–	–	**(344,160)**	**(344,160)**
Outflow	**345,768**	–	–	–	**345,768**	**345,768**
	1,608	–	–	–	**1,608**	**1,608**
31 December 2014						
Currency forward contracts:						
Inflow	(1,165,884)	–	–	–	(1,165,884)	(1,165,884)
Outflow	1,167,770	–	–	–	1,167,770	1,167,770
	1,886	–	–	–	1,886	1,886

Fair Value measurement of financial instruments

Fair value of financial instruments that are measured at fair value on a recurring basis

	At 31 December 2015			
	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Financial assets				
Derivative financial instruments	–	**5,201**	–	**5,201**
Financial liabilities				
Derivative financial instruments	–	**82,109**	–	**82,109**
Derivative component of convertible note/bonds	–	–	**18,999**	**18,999**
Gold loans	–	**1,134,663**	–	**1,134,663**
Silver loans	–	**4,332**	–	**4,332**

36. FINANCIAL INSTRUMENTS *(Continued)*

Fair Value measurement of financial instruments *(Continued)*

Fair value of financial instruments that are measured at fair value on a recurring basis *(Continued)*

	At 31 December 2014			
	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Financial assets				
Derivative financial instruments	–	40,354	–	40,354
Financial liabilities				
Derivative financial instruments	–	61,548	–	61,548
Derivative component of convertible note/bonds	–	–	24,119	24,119
Gold loans	–	1,430,440	–	1,430,440

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

		Fair value at 31 December **2015** ***RMB'000***	 2014 *RMB'000*	**Fair value hierarchy**	**Valuation technique**
Copper futures contracts:	Assets	**2,251**	72	Level 2	Note 1
	Liabilities	**7,617**	–	Level 2	Note 1
Copper option contracts:	Liabilities	**172**	15,645	Level 2	Note 1
Gold futures contracts:	Assets	**826**	33,728	Level 2	Note 1
	Liabilities	**72,016**	34,704	Level 2	Note 1
Gold option contracts:	Liabilities	**–**	86	Level 2	Note 1
Silver futures contracts:	Assets	**2,124**	793	Level 2	Note 1
	Liabilities	**696**	207	Level 2	Note 1
Silver option contracts:	Liabilities	**–**	3,259	Level 2	Note 1
Currency forward contracts:	Assets	**–**	5,761	Level 2	Note 2
	Liabilities	**1,608**	7,647	Level 2	Note 2
Gold loans:	Liabilities	**1,134,663**	1,430,440	Level 2	Note 1
Silver loans:	Liabilities	**4,332**	–	Level 2	Note 1
Derivative component of convertible note/bonds	Liabilities	**18,999**	24,119	Level 3	Note 3

36. FINANCIAL INSTRUMENTS *(Continued)*

Fair Value measurement of financial instruments *(Continued)*

Fair value of financial instruments that are measured at fair value on a recurring basis *(Continued)*

Notes:

(1) Calculating by reference to the quoted prices in an active market.

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

(3) Binomial model with key assumptions including the Company's share price, volatility of the Company's share prices and discount rate, input such as volatility is deducted from the quoted price of the relevant convertible note/bonds. The higher of the volatility, the higher the fair value. The higher of the discount rate, the lower the fair value.

RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS

	2015	2014
	RMB'000	*RMB'000*
Opening balance	**(24,119)**	(116,644)
Gains credited to profit or loss during the year	**5,120**	92,525
Closing balance	**(18,999)**	(24,119)

There were no transfers between Level 1 and 2 for the years ended 31 December 2015 and 2014.

Fair value of financial instruments that are not measured at fair value on a recurring basis

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

37. TRANSFERS OF FINANCIAL ASSETS

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

	Bills receivable endorsed to suppliers *RMB'000*	Bills receivable discounted to Daye Finance Company *RMB'000*	Bills receivable discounted to banks *RMB'000*
At 31 December 2015			
Carrying amount of transferred assets	**55,730**	**59,138**	**34,223**
Carrying amount of associated liabilities	**(55,730)**	**(59,138)**	**(34,223)**
Net position	**–**	**–**	**–**
At 31 December 2014			
Carrying amount of transferred assets	97,386	50,675	–
Carrying amount of associated liabilities	(97,386)	(50,675)	–
Net position	–	–	–

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

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

38. OPERATING LEASE COMMITMENTS

The Group as lessor

The Group leases certain properties under non-cancellable operating leases to Daye Group and fellow subsidiaries with lease terms ranging from 2 to 3 years which fall due as follows:

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Within one year	**12,424**	12,424
In the second to fifth year inclusive	**–**	12,424
	12,424	24,848

The Group as lessee

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

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

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Within one year	**15,917**	13,079
In the second to fifth year inclusive	**53,630**	51,392
Over five years	**242,328**	255,083
	311,875	319,554

39. CAPITAL COMMITMENTS

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Capital expenditure contracted but not provided for in respect of:		
Acquisition of property, plant and equipment	**646,729**	57,780

40. RELATED PARTY TRANSACTIONS

Transactions and balances with PRC government-related entities

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

Transactions with China Non-ferrous Metal Mining (Group) Co. Ltd. Group

Other than the transactions and balances with related parties disclosed elsewhere in these Consolidated Financial Statements, the Group also had the following significant transactions with related parties during the year.

	Notes	**Related parties**	**Year ended 31 December 2015 RMB'000**	2014 *RMB'000*
Income:				
Sales of non-ferrous metals*	*(i)*	Daye Group	**297,873**	4,625
	(i)	Fellow subsidiaries	**368,053**	1,828,193
Sales of other materials*	*(i)*	Daye Group	**241**	4,188
	(i)	Fellow subsidiaries	**117,156**	279,859
Rendering of services*	*(i)*	Daye Group	**774**	943
	(i)	Fellow subsidiaries	**1,380**	2,122
Interest income	*(iii)*	Daye Finance Company	**5,180**	3,004
Retail income for leasing	*(i)*	Daye Group	**12,425**	–
of lands & properties*		Fellow subsidiaries	**2,269**	–
Expenses:				
Transportation fees*	*(i)*	An associate of Daye Group	**3,426**	4,542
Utilities fees*	*(i)*	Fellow subsidiary	**314,610**	334,984
	(i)	Daye Group	**110**	110
	(i)	An associate of Daye Group	**–**	852
Medical service fees*	*(i)*	Fellow subsidiary	**169**	5,021
Purchases of non-ferrous* metals*	*(i)*	Daye Group	**140,749**	398,867
	(i)	Fellow subsidiaries	**2,284,254**	1,428,872
Rental expense for leasing of lands & properties*	*(i)*	Daye Group	**12,754**	12,754
	(i)	Fellow subsidiaries	**1,847**	1,249
Interest expense	*(ii)*	Daye Group	**75,986**	57,984
		Daye Finance Company	**6,763**	3,513
		Fellow subsidiary	**–**	19,224
Purchase of accommodation, catering, conference and other services*	*(i)*	Fellow subsidiary	**582**	852
Bills acceptance and settlement services fees*	*(i)*	Daye Finance Company	**1,493**	1,248
Relocation and demolition services	*(ii)*	Fellow subsidiary	**7,769**	–
Capital expenditures:				
Construction contract fees	*(i)*	Fellow subsidiaries	**263,885**	676,067
Other service fees	*(i)*	Daye Group	**–**	374
	(i)	Fellow subsidiaries	**30,494**	83,130

* These related party transactions also constituted continuing connected transactions according to the Listing Rules.

40. RELATED PARTY TRANSACTIONS *(Continued)*

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

Transactions with China Non-ferrous Metal Mining (Group) Co. Ltd. Group (Continued)

Notes:

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

(ii) The interest expense arose from unsecured loans from Daye Group and Daye Finance Company. Further details of the loans at the end of the reporting period are set out in Note 29.

(iii) The interest income arose from the deposits placed with Daye Finance Company. Further details of the balance at the end of the reporting period are set out in Note 26.

Transactions with other PRC government-related entities

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

Compensation of key management personnel of the Group

The key management personnel of the Group includes the directors (which are also top executives of the Company). The remuneration of certain of the directors was borne by Daye Group during the current and prior year. Further details of Directors' emoluments are included in Note 13.

41. DETAILS OF SUBSIDIARIES

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

Name of subsidiaries	Place of incorporation/ establishment and principal country of operation	Date of incorporation/ establishment	Issued and fully paid-up capital	Proportion of ownership interest and voting rights held by the Company At 31 December 2015	2014	Principal activities
Ample Year Limited *(Note (a))*	BVI/Hong Kong	10 November 2004	US$1	100%	100%	Investment holding
Billion Honour Development Limited *(Note (b))*	Hong Kong/ Hong Kong	2 October 2009	HK$100	100%	100%	Investment holding
China Daye Hong Kong International Trading Ltd. *(Note (a))*	Hong Kong/ Hong Kong	31 January 2014	US$1	100%	100%	Trading of metals and minerals
China Reservoir Mining Limited *(Note (b))*	BVI/Hong Kong	9 August 2011	US$10,000	51%	51%	Investment holding
大冶有色設計研究院有限公司 (Daye Nonferrous Design and Research Institute Co., Ltd*) *(Note (b))*	PRC/PRC	1 June 2007	RMB6,800,000	95.35%	95.35%	Research and development
大冶有色金屬有限責任公司 (Daye Non-ferrous Metals Co., Ltd.*) ("Hubei Daye") *(Note (b))*	PRC/PRC	31 March 2005	RMB1,490,977,877	95.35%	95.35%	Mining and processing of mineral ores and trading of metal concentrates
大冶有色興科建設工程質量檢測有限公司 (Daye Non-ferrous Xingke Construction Works Quality Inspection Company Limited*) *(Note (b))*	PRC/PRC	27 July 2006	RMB1,000,000	95.35%	95.35%	Quality testing of construction projects
Fuken Investments Limited *(Note (b))*	BVI/Hong Kong	5 March 2007	US$1	100%	100%	Investment holding
Giant Strong International Limited *(Note (b))*	BVI/Hong Kong	2 March 2007	US$3	100%	100%	Investment holding
Golden Brand Investments Limited *(Note (b))*	BVI/Hong Kong	18 May 2007	US$1	100%	100%	Investment holding

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41. DETAILS OF SUBSIDIARIES *(Continued)*

Name of subsidiaries	Place of incorporation/ establishment and principal country of operation	Date of incorporation/ establishment	Issued and fully paid-up capital	Proportion of ownership interest and voting rights held by the Company At 31 December 2015	2014	Principal activities
Gold Way Investment International Limited *(Note (b))*	Hong Kong/ Hong Kong	1 February 2007	HK$100	**100%**	100%	Investment holding
Hui Xiang *(Note (b))*	PRC/PRC	9 May 2007	RMB226,000,000	**55%**	55%	Mineral exploitation
昆明大鑫貿易有限公司 (Kunming Daxin Trading Co,. Ltd*) *(Note (b))*	PRC/PRC	20 December 2013	RMB10,000,000	**51%**	51%	Trading of metals and minerals
Profit Jumbo Investment Limited *(Note (a))*	BVI/Hong Kong	6 July 2007	US$1	**100%**	100%	Investment holding
Prosper Well Group Limited *(Note (a))*	BVI/Hong Kong	1 December 2010	US$1	**100%**	100%	Investment holding
Qianyi Limited *(Note (b))*	BVI/Hong Kong	1 September 2009	US$1	**100%**	100%	Investment holding
Rainbow Treasure Holdings Limited *(Note (b))*	Hong Kong/ Hong Kong	30 November 2010	HK$1	**100%**	100%	Investment holding
Reservoir (Mongolia) Limited *(Note (b))*	The Republic of Mongolia/ The Republic of Mongolia	4 November 2005	US$100,000	**51%**	51%	Mineral exploitation
Tong Xing *(Note (b))*	PRC/PRC	28 May 2007	RMB46,080,000	**93.34%**	91.32%	Mineral exploitation
湖北潤寶金屬礦業有限責任公司 (Hubei Rainbow Metals Co. Ltd*) *(Note (b))*	PRC/PRC	30 January 2015	RMB3,944,400	**100%**	N/A	Trading of metals and minerals

* The English names are translations of their Chinese names and are included for identification purpose only, and should not be regarded as their official English translation.

Notes:

(a) These companies are directly held by the Company.

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

41. DETAILS OF SUBSIDIARIES *(Continued)*

Details of non-wholly-owned subsidiaries that have material non-controlling interests

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

Name of subsidiary	Place of establishment and place of business	Proportion of ownership interests held by non-controlling interests	Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2015 and 2014	**2015**	2014	**2015**	2014
			RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Hubei Daye	PRC	4.65%	**(29,497)**	4,215	**173,655**	203,152
Hui Xiang	PRC	45%	**(181,534)**	(27,445)	**(2,996)**	178,538
Individually immaterial subsidiaries with non-controlling interests			**(2,857)**	(7,786)	**(11,251)**	(8,394)
Total			**(213,888)**	(31,016)	**159,408**	373,296

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

41. DETAILS OF SUBSIDIARIES *(Continued)*

Hubei Daye

	At 31 December 2015 RMB'000	At 31 December 2014 RMB'000
Current assets	**6,942,575**	7,530,841
Non-current assets	**8,109,024**	7,985,891
Current liabilities	**(5,862,925)**	(7,085,596)
Non-current liabilities	**(5,454,165)**	(4,062,284)
Net assets	**3,734,509**	4,368,852
Equity attributable to owners of the Company	**3,560,854**	4,165,700
Non-controlling interests	**173,655**	203,152
Total equity	**3,734,509**	4,368,852

	Year ended 31 December 2015 RMB'000	Year ended 31 December 2014 RMB'000
Revenue	**38,985,527**	41,457,709
Expenses	**(39,619,869)**	(41,367,073)
(Loss)/profit and total comprehensive (expense)/income for the year	**(634,342)**	90,636
(Loss)/profit and total comprehensive (expense)/income attributable to:		
Owners of the Company	**(604,845)**	86,421
Non-controlling interests	**(29,497)**	4,215
	(634,342)	90,636
Dividends paid to non-controlling interests	**–**	–
Net cash inflow/(outflow) from:		
Operating activities	**258,627**	2,457,510
Investing activities	**244,886**	(1,430,260)
Financing activities	**(504,348)**	(1,064,657)
Net cash (outflow)/inflow	**(835)**	(37,407)

41. DETAILS OF SUBSIDIARIES *(Continued)*

Hui Xiang

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Current assets	**63,479**	5,651
Non-current assets	**967,175**	1,228,454
Current liabilities	**(837,412)**	(572,704)
Non-current liabilities	**(199,900)**	(264,650)
Net (liabilities)/assets	**(6,658)**	396,751
Equity attributable to owners of the Company	**(3,662)**	218,213
Non-controlling interests	**(2,996)**	178,538
Total equity	**(6,658)**	396,751

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Revenue	**4,067**	2,164
Expenses	**(407,477)**	(63,153)
Loss and total comprehensive expense for the year	**(403,410)**	(60,989)
Loss and total comprehensive expense attributable to:		
Owners of the Company	**(221,876)**	(33,544)
Non-controlling interests	**(181,534)**	(27,445)
	(403,410)	(60,989)
Dividends paid to non-controlling interests	**–**	–
Net cash inflow/(outflow) from:		
Operating activities	**(4,402)**	409
Investing activities	**(54,124)**	(214,838)
Financing activities	**59,372**	213,000
Net cash inflow/(outflow)	**846**	(1,429)

42. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
NON-CURRENT ASSETS		
Unlisted investments in subsidiaries	**3,667,439**	4,373,437
Unlisted investment in joint ventures	**1**	1
Amounts due from subsidiaries	**657,979**	503,516
	4,325,419	4,876,954
CURRENT ASSETS		
Amounts due from subsidiaries	**134,210**	356,534
Amounts due from joint ventures	**128,394**	52,071
Bank balances and cash	**409,572**	141,929
Other current assets	**7,773**	7,181
	679,949	557,715
CURRENT LIABILITIES		
Amounts due to subsidiaries	**1,015**	–
Amounts due to joint ventures	**218,061**	96,733
Convertible bonds	**669,908**	–
Other current liabilities	**2,750**	2,591
	891,734	99,324
NET CURRENT (LIABILITIES)/ASSETS	**(211,785)**	458,391
TOTAL ASSETS LESS CURRENT LIABILITIES	**4,113,634**	5,335,345
CAPITAL AND RESERVES		
Share capital	**727,893**	705,506
Reserves *(Note (a))*	**2,625,011**	3,224,849
TOTAL EQUITY	**3,352,904**	3,930,355
NON-CURRENT LIABILITIES		
Convertible note/bonds	**760,451**	1,377,919
Deferred tax liabilities	**279**	27,071
	760,730	1,404,990
	4,113,634	5,335,345

42. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(Continued)*

Note (a):

Movements in the Company's Reserves

	Share premium RMB'000	Other reserve RMB'000	Convertible note/bonds equity reserve RMB'000	Translation reserve RMB'000	Retained profits/ (Accumulated losses) RMB'000	Total RMB'000
At 1 January 2014	–	1,825	281,298	7,893	2,798,211	3,089,227
Profit and total comprehensive income for the year	–	–	–	(345)	135,967	135,622
At 31 December 2014	–	1,825	281,298	7,548	2,934,178	3,224,849
Loss and total comprehensive expense for the year	–	–	–	–	(703,624)	(703,624)
Issue of new ordinary shares upon conversion of convertible bonds *(Notes 31 and 34)*	103,786	–	–	–	–	103,786
Transfer upon conversion of convertible bonds *(Note 31)*	20,806	–	(20,806)	–	–	–
Reclassification due to change of functional currency of the Company *(Note 2)*	–	–	(155,853)	(7,548)	163,401	–
At 31 December 2015	124,592	1,825	104,639	–	2,393,955	2,625,011

The consolidated loss attributable to owners of the Company for the year ended 31 December 2015 includes a loss of RMB90,278,000 (2014: profit of RMB135,967,000) which has been dealt with in the financial statements of the Company.

43. EVENTS AFTER THE REPORTING PERIOD

(a) On 23 December 2015, the Group entered into a sale and leaseback agreement with a financing company whereby the financing company agreed to purchase certain equipment of the Group (the "Equipment") at a purchase price of RMB500,000,000 and lease back the Equipment to the Group for a period of eight years subject to the terms and conditions of the sale and leaseback agreement. The purchase was completed in January 2016.

The details of the above transactions are set out in the Company's announcement dated 23 December 2015 and the Company's circular dated 25 January 2016.

Upon discharging all the Group's obligations under the sale and leaseback agreement, the financing company will return the ownership of the Equipment to the Group for a nominal amount of RMB1. Despite the sale and leaseback agreement involves a legal form of a lease, the Group accounted for such agreement as collateralised borrowing in accordance with the actual substance of such agreement.

(b) Subsequent to the end of the reporting period, on 29 March 2016, a non-wholly-owned subsidiary of the Company entered into a sales framework agreement and a purchase framework agreement with an associate of an intermediate holding company for the sale/purchase of certain products to/from that entity. The transactions contemplated under each of the above agreements constitute continuing connected transactions under the Listing Rules.

Details of the above transactions are set out in the Company's announcement dated 29 March 2016.