LINGJIN
灵 金

Lingbao Gold Company Ltd.
靈寶黃金股份有限公司

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

(Stock Code: 3330)

2015
ANNUAL REPORT

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CORPORATE INFORMATION

DIRECTORS

Executive Directors
Mr. Jin Guangcai *(Chairman)*
Mr. Qiang Shanfeng
Mr. Ji Wanxin
Mr. Xing Jiangze
Mr. Zhang Guo
Mr. Zhou Yudao

Non-executive Director
Mr. Shi Yuchen

Independent Non-executive Directors
Mr. Yang Dongsheng
Mr. Han Qinchun
Mr. Wang Jiheng
Mr. Wang Guanghua

SUPERVISORS
Mr. Wang Guodong
(Chairman of the Supervisory Committee)
Mr. Yao Shun
Mr. Guo Xurang
Mr. Meng Shouji
Mr. Jiao Xiaoxiao

AUDIT COMMITTEE
Mr. Yang Dongsheng *(Chairman of Audit Committee)*
Mr. Shi Yuchen
Mr. Han Qinchun
Mr. Wang Jiheng
Mr. Wang Guanghua

NOMINATION COMMITTEE
Mr. Wang Guanghua *(Chairman of Nomination Committee)*
Mr. Xing Jiangze
Mr. Yang Dongsheng
Mr. Han Qinchun
Mr. Wang Jiheng

REMUNERATION COMMITTEE
Mr. Wang Jiheng
(Chairman of the Remuneration Committee)
Mr. Ji Wanxin
Mr. Yang Dongsheng
Mr. Han Qinchun
Mr. Wang Guanghua

COMPANY SECRETARY
Mr. Poon, Lawrence Chi Leung

AUTHORISED REPRESENTATIVES
Mr. Jin Guangcai
Mr. Poon, Lawrence Chi Leung

INTERNATIONAL AUDITOR
KPMG

PRC AUDITOR
KPMG Huazhen LLP

LEGAL ADVISER
Hong Kong law
DLA Piper Hong Kong

PRC law
Commerce & Finance Law Offices

PRINCIPAL BANKERS
Bank of China, Lingbao City Branch
Agricultural Bank of China, Lingbao City Branch
China Construction Bank, Lingbao City Branch
Industrial and Commercial Bank of China, Lingbao City Branch
Industrial Bank, Zhengzhou Branch
Bank of Communications, Zhengzhou Branch
China Development Bank
Shenzhen Development Bank
HSBC

SHARE REGISTRAR AND TRANSFER OFFICE FOR H SHARES

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

REGISTERED OFFICE OF THE COMPANY

Hangu Road and
Jingshan Road Intersection
Lingbao
Henan Province
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1902, 19th Floor
MassMutual Tower
38 Gloucester Road
Wanchai
Hong Kong

INVESTOR RELATIONS CONTACT

Mr. Poon, Lawrence Chi Leung
Hong Kong Office
Room 1902, 19th Floor
MassMutual Tower
38 Gloucester Road
Wanchai
Hong Kong
Email: lingbaogold@vip.sina.com

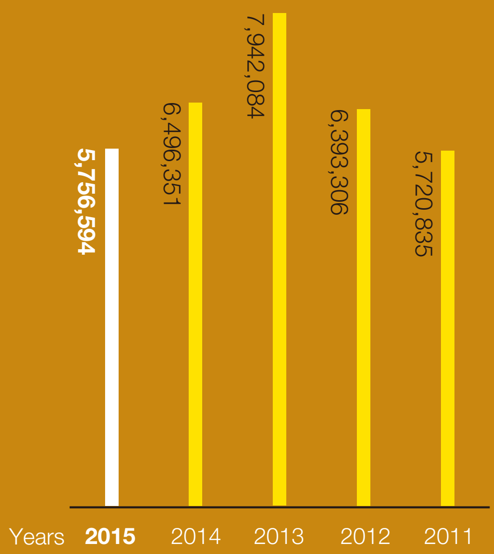
Mr. Xing Jiangze
PRC Office
Hangu Road and
Jingshan Road Intersection
Lingbao
Henan
The People's Republic of China
(Postcode: 472500)
Tel: (86-398) 8862-218
Fax: (86-398) 8860-166
Email: lingbaogold@vip.sina.com

STOCK INFORMATION

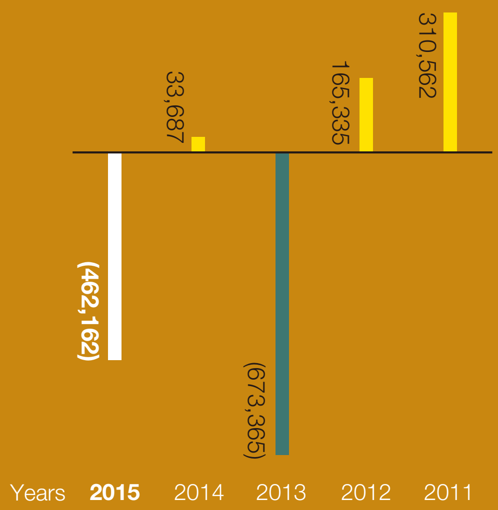
Stock Code	:	3330
Listing Date	:	12 January 2006
Issued Shares	:	297,274,000 shares (H Shares) 472,975,091 shares (Domestic Shares)
Nominal Value	:	RMB0.20 per share
Stock Name	:	Lingbao Gold
Website of the Company	:	www.lbgold.com
Investors' website	:	www.irasia.com/listco/hk/lingbao

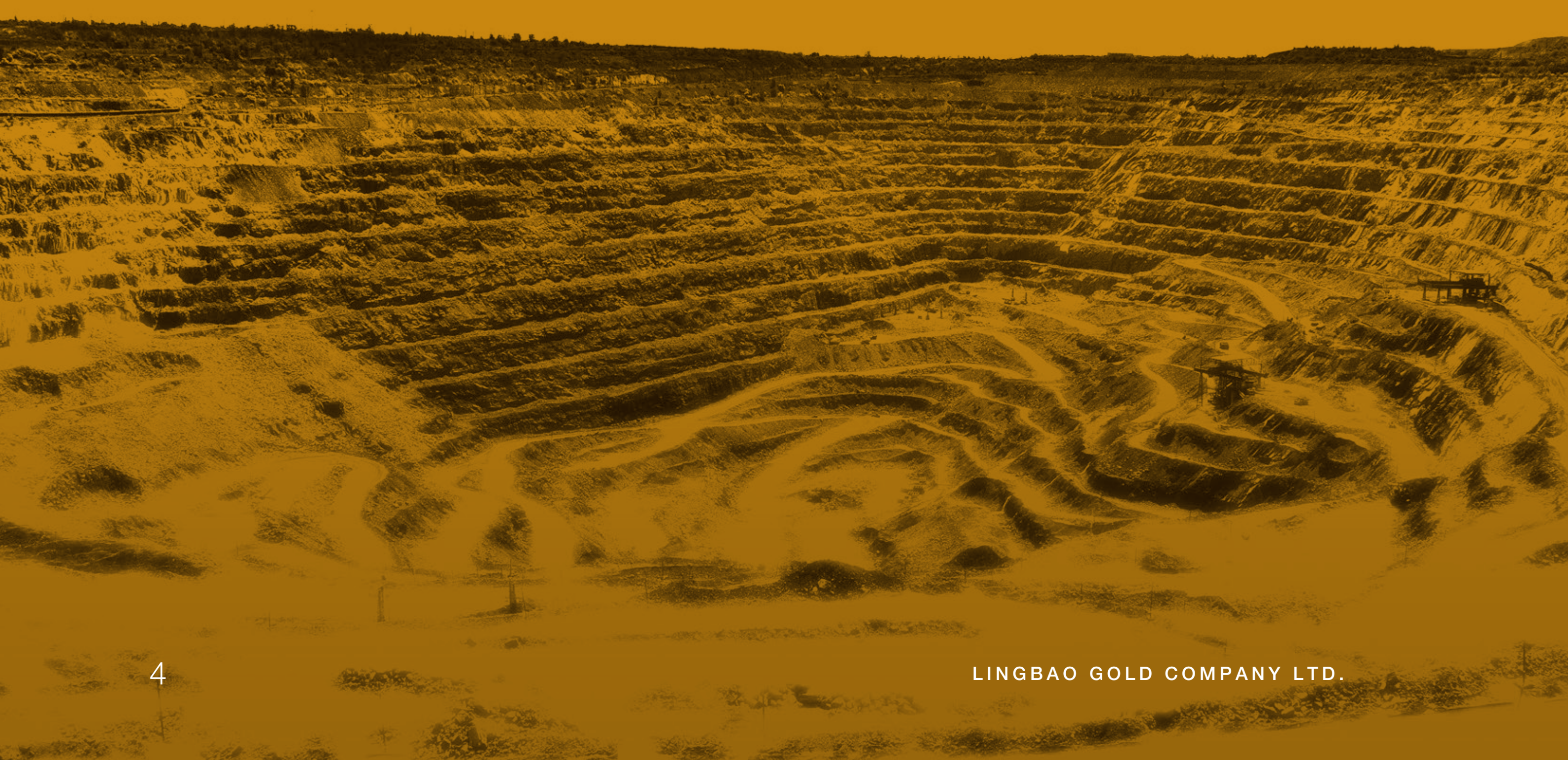
FINANCIAL HIGHLIGHTS

REVENUE
RMB'000

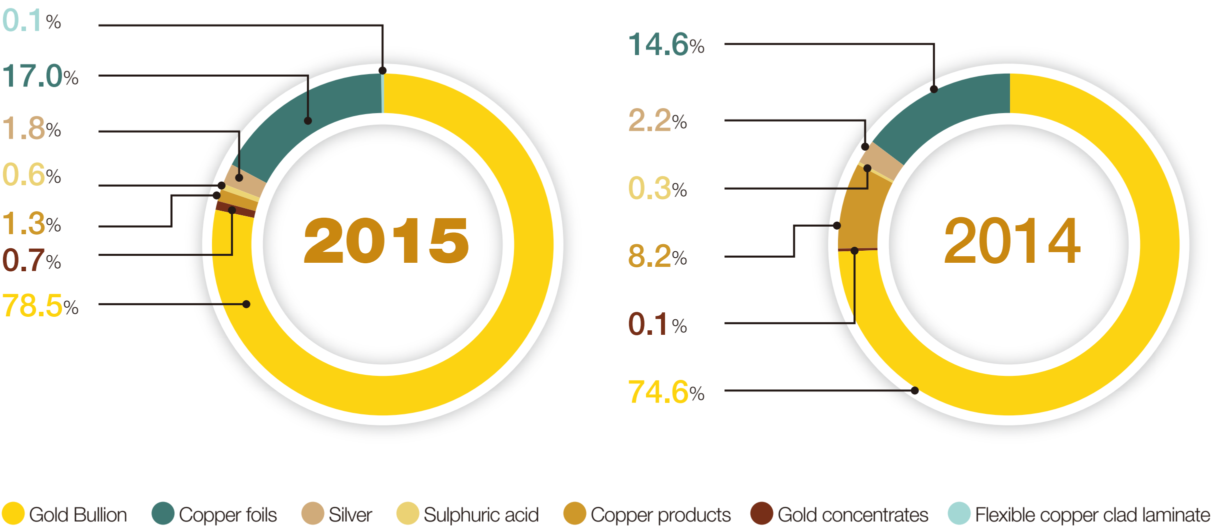


PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS
RMB'000





SALES ANALYSIS BY PRODUCTS



CAPITAL RESOURCES

	2015 RMB'000	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000
Total assets	**7,508,139**	7,139,623	6,723,546	7,919,034	6,561,160
Cash and cash equivalents	**1,117,524**	372,312	367,202	267,935	349,568
Bank and other borrowings	**5,131,981**	4,190,919	3,792,152	4,216,285	3,234,356
Total equity attributable to equity shareholders of the Company	**1,219,448**	1,696,307	1,663,494	2,387,956	2,299,330

CORPORATE PROFILE

Lingbao Gold Company Ltd.. ("Lingbao Gold" or the "Company" and together with its subsidiaries, the "Group") is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 12 January 2006.

The Group is an integrated gold mining enterprise in the People's Republic of China ("PRC"), and is mainly engaged in gold mining, smelting, refining and copper processing. The products of the Group are gold, silver, copper products, copper foils and sulphuric acid. The Shanghai Gold Exchange certified the Group as a standard gold bullion production enterprise. The Group's mineral resources are scattered in the PRC regions of Henan, Xinjiang, Jiangxi, Inner Mongolia, Gansu and Kyrgyz Republic ("KR") with 54 mining and exploration rights with a total area of 1,938.02 sq. km. The total gold reserve and resources as at 31 December 2015 were approximately 48.94 tonnes (approximately 1,726,308 ounce) and 131.40 tonnes (approximately 4,634,999 ounce) respectively. The gold reserve and resources report is prepared in accordance with PRC GB/T17766-199 «Solid Mineral Resources/Reserves Classification», GB/T13908-2002 «General Requirements for Solid Mineral Geological Exploration» and DZ/T0205-2002 «Geological Exploration Requirements for Hard-Rock Gold». In 2015, approximately 19,104 kg (approximately 614,208 ounce) of gold was produced, and the loss for the year of the Group attributable to the equity shareholders amounted to RMB462,162,000.

The objective of the Group's strategy in the future is continuous expansion, to become the leading integrated gold mining enterprise in the PRC and gradually promote our brand in the international market. The Group will focus on the exploration and expansion of production scale and continue to acquire gold resources with potential.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

I hereby present you the results of the Company for the year ended 31 December 2015. The loss before tax of the Group amounted to approximately RMB354,917,000 for the year ended 31 December 2015, as compared to the profit before tax of the Group of RMB56,700,000 for the corresponding period of the prior year. Loss for the year of the Group attributable to the equity shareholders amounted to RMB462,162,000, as compared to the profit of the Group attributable to the equity shareholders of RMB33,687,000 for the corresponding period of the prior year. Losses per share of the Group was RMB0.60 for the year ended 31 December 2015. After a discussion of the board (the "Board") of directors (the "Directors") of the Company, the Directors do not recommend the payment of final dividend.

REVIEW FOR THE YEAR 2015

In 2015, the volume of gold, silver, electrolytic copper, copper foil and sulphuric acid produced by the Group amounted to 19,104 kg, 36,050 kg, 16,308 tonnes, 16,287 tonnes and 193,955 tonnes, respectively. As at 31 December 2015, the total gold reserves and resources were 180.34 tonnes. The Group held 54 mining and exploration rights in aggregate covering 1,938.02 square kilometres, of which 16 were mining rights.

The following is a table of gold resources and reserves of the Group as at 31 December 2015:

No.	Mine (Project) Name	Minerals	Unit	Proven+ Indicated	Inferred	Total
1	Henan Lingjin No. 1 Mine	Gold	Ore (t)	531,766	175,998	707,764
			Grade (g/t)	6.10	6.27	6.14
			Gold Contained (kg)	3,242	1,104	4,346
2	Deep exploration area of Henan Lingjin No. 1 Mine	Gold	Ore (t)	2,772,542	3,435,474	6,208,016
			Grade (g/t)	4.09	5.10	4.65
			Gold Contained (kg)	11,348	17,525	28,873
3	Henan Hongtuling Gold Mine	Gold	Ore (t)	1,033,611	287,145	1,320,756
			Grade (g/t)	6.93	7.72	7.10
			Gold Contained (kg)	7,160	2,216	9,376
4	Henan Hongxin No. 1 Mine	Gold	Ore (t)	167,826	36,065	203,891
			Grade (g/t)	4.18	3.89	4.13
			Gold Contained (kg)	701	140	841
5	Henan Lingjin No. 2 Mine	Gold	Ore (t)	699,488	424,479	1,123,967
			Grade (g/t)	7.57	7.45	7.52
			Gold Contained (kg)	5,292	3,163	8,455
6	Henan Pengjialaozhuang Gold Mine	Gold	Ore (t)	75,784	631,811	707,595
			Grade (g/t)	4.43	4.58	4.56
			Gold Contained (kg)	336	2,893	3,229
7	Henan Shangshanghe Gold Mine	Gold	Ore (t)	521,534	338,027	859,561
			Grade (g/t)	4.38	4.46	4.41
			Gold Contained (kg)	2,286	1,507	3,793

No.	Mine (Project) Name	Minerals	Unit	Proven+ Indicated	Inferred	Total
8	Periphery of Henan Shangshanghe Gold Mine	Gold	Ore (t)	388,920	3,084,203	3,473,123
			Grade (g/t)	5.53	4.73	4.82
			Gold Contained (kg)	2,151	14,594	16,745
9	Henan Laowan Gold Mine	Gold	Ore (t)	157,303	138,937	296,240
			Grade (g/t)	4.39	3.32	3.89
			Gold Contained (kg)	690	462	1,152
10	Henan Eastern Laowan Gold Mine	Gold	Ore (t)	24,100	391,171	415,271
			Grade (g/t)	7.47	4.73	4.89
			Gold Contained (kg)	180	1,849	2,029
11	Xinjiang Duolanasayi Gold Mine	Gold	Ore (t)	156,234	1,868,959	2,025,193
			Grade (g/t)	3.69	3.81	3.80
			Gold Contained (kg)	576	7,112	7,688
12	Deep part of Xinjiang Duolanasayi Gold Mine	Gold	Ore (t)		854,443	854,443
			Grade (g/t)		4.71	4.71
			Gold Contained (kg)		4,021	4,021
13	Periphery of Xinjiang Duolanasayi Gold Mine	Gold	Ore (t)		129,803	129,803
			Grade (g/t)		5.18	5.18
			Gold Contained (kg)		672	672
14	Xinjiang Tuokuzibayi Gold Mine	Gold	Ore (t)	69,527	486,857	556,384
			Grade (g/t)	5.02	3.02	3.27
			Gold Contained (kg)	349	1,471	1,820
15	Deep part of Xinjiang Tuokuzibayi Gold Mine	Gold	Ore (t)	21,828	470,695	492,523
			Grade (g/t)	4.77	3.98	4.01
			Gold Contained (kg)	104	1,872	1,976
16	Jinchanshan Gold Mine of Inner Mongolia	Gold	Ore (t)	581,164	391,984	973,148
			Grade (g/t)	5.07	4.88	4.99
			Gold Contained (kg)	2,944	1,915	4,859
17	Jinchanshan Changgao Gold Mine of Inner Mongolia	Gold	Ore (t)	121,372	215,182	336,554
			Grade (g/t)	5.77	6.65	6.33
			Gold Contained (kg)	700	1,430	2,130
	Total of gold contained – Domestic			38,059	63,946	102,005

No.	Mine (Project) Name	Minerals	Unit	Proven+ Indicated	Inferred	Total
18	Upper part of Istanbul Gold Mine of Kyrgyzstan	Gold	Ore (t)	1,066,862	1,899,075	2,965,937
			Grade (g/t)	8.40	6.50	7.19
			Gold Contained (kg)	8,962	12,350	21,312
19	Eastern Istanbul Gold Mine of Kyrgyzstan	Gold	Ore (t)	101,075	1,560,364	1,661,439
			Grade (g/t)	7.96	6.64	6.72
			Gold Contained (kg)	805	10,359	11,164
20	Istanbul Gold Mine of Kyrgyzstan	Gold	Ore (t)	6,228	756,333	762,561
			Grade (g/t)	10.92	10.03	10.03
			Gold Contained (kg)	68	7,583	7,651
21	Akesu Gold Mine of Kyrgyzstan	Gold	Ore (t)	118,825	1,566,203	1,685,028
			Grade (g/t)	7.28	6.06	6.15
			Gold Contained (kg)	865	9,498	10,363
22	Tieliekelin Gold Mine of Kyrgyzatan	Gold	Ore (t)	105,002	480,609	585,611
			Grade (g/t)	5.51	5.65	5.62
			Gold Contained (kg)	579	2,714	3,293
23	Exploration area of Tieliekelin Gold Mine of Kyrgyzatan	Gold	Ore (t)	13,114	4,604,622	4,617,736
			Grade (g/t)	4.19	5.32	5.32
			Gold Contained (kg)	55	24,500	24,555
	Total of gold contained – Oversea			11,334	67,004	78,338
	Total of gold contained			49,393	130,950	180,343

The total gold resources and reserves of the Group were made in according to the Geological Exploration Requirements for Hard-Rock Gold (DZ/T 0205-2002) issued by the Ministry of Land and Resources of the PRC by adopting the following assumptions:

Henan Lingjin no. 1 Mine

1. Gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 3g/t.
2. The ore resources and reserves depletion for Henan Lingjin No. 1 Mine was approximately 500kg.
3. The resources and reserves included diluting materials with an assuming dilution grade of 0g/t.
4. Parameters for short hole shrinkage mining method:
   Length of block: 50m
   Minimum width of block: 1.2m
   Pillar between blocks: 6m
   Crown pillar: 5m
   Distance between levels: 50m

Deep exploration area of Henan Lingjin no. 1 Mine

No geological exploration and mining activities have been conducted since the record in the Ministry of Land and Resources of the PRC in 2011. The former resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 3g/t.

Henan Hongtuling Gold Mine

1. The gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 3g/t.
2. The ore resources and reserves depletion for Henan Hongtuling Gold Mine was approximately 376kg.
3. The resources and reserves included diluting materials with an assuming dilution grade of 0g/t.
4. Parameters for short hole shrinkage mining method:
   Length of block: 50m
   Minimum width of block: 1.2m
   Pillar between blocks: 6m
   Crown pillar: 6m
   Distance between levels: 50m

Henan Hongxin no. 1 Mine

1. The gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 2.5g/t.
2. The ore resources and reserves depletion for Henan Hongxin No. 1 Mine was 27kg.
3. The resources and reserves included diluting materials with an assuming dilution grade of 0g/t.
4. Parameters for short hole shrinkage mining method:
   Length of block: 50m
   Minimum width of block: 1.2m
   Pillar between blocks: 6m
   Crown pillar: 5m
   Distance between levels: 50m

Henan Lingjin no. 2 Mine

1. The gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 2.5g/t.
2. The ore resources and reserves depletion for Henan Lingjin No. 2 Mine was 71kg.
3. The resources and reserves included diluting materials with an assuming dilution grade of 0g/t.
4. Parameters for short hole shrinkage mining method:
   Length of block: 50m
   Minimum width of block: 1.2m
   Pillar between blocks: 6m
   Crown pillar: 5m
   Distance between levels: 50m

Henan Pengjialaozhuang Gold Mine

1. The gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 2.5g/t.
2. The ore resources and reserves increment for Henan Pengjialaozhuang Gold Mine was 36kg.
3. The resources and reserves included diluting materials with an assuming dilution grade of 0g/t.

Henan Shangshanghe Gold Mine

1. The gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 2.5g/t.
2. The ore resources and reserves increment for Henan Shangshanghe Gold Mine was 199kg.
3. The resources and reserves included diluting materials with an assuming dilution grade of 0g/t.
4. Parameters for short hole shrinkage mining method:
   Length of block: 50m
   Minimum width of block: 1.3m
   Pillar between blocks: 6m
   Crown pillar: 5m
   Distance between levels: 50m

Deep exploration of periphery of Henan Shangshanghe Gold Mine

No geological exploration and mining activities have been conducted since the record in the Ministry of Land and Resources of the PRC in 2011. The former gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 2.5g/t.

Henan Laowan Gold Mine

1. The gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 3g/t.
2. The ore resources and reserves depletion for Henan Laowan Gold Mine was 160kg.
3. The resources and reserves included diluting materials with an assuming dilution grade of 0g/t.
4. Parameters for short hole shrinkage mining method:
   Length of block: 50m
   Minimum width of block: 1.3m
   Pillar between blocks: 6m
   Crown pillar: 5m
   Distance between levels: 50m

Henan Eastern Laowan Gold Mine

1. The gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 3g/t.
2. The ore resources and reserves increment for Henan Eastern Laowan Gold Mine was 84kg.
3. The resources and reserves included diluting materials with an assuming dilution grade of 0g/t.

Xinjiang Duolanasayi Gold Mine

1. The gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 3g/t.
2. The ore resources and reserves depletion for Xinjiang Duolanasayi Gold Mine was 51kg.
3. The resources and reserves included diluting materials with an assuming dilution grade of 0g/t.
4. Parameters for flat base short hole shrinkage mining method:
   Length of block: 50m
   Minimum width of block: 2m
   Pillar between blocks: 5m
   Crown pillar: 8m
   Distance between levels: 50m

Deep Part of Xinjiang Duolanasayi Gold Mine

The mine is conducting geological exploration activities. The former gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 3g/t.

Periphery of Xinjiang Duolanasayi Gold Mine

The mine is conducting geological exploration activities. The former gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 3g/t.

Xinjiang Tuokuzibayi Gold Mine

1. The gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 3g/t.
2. The ore resources and reserves increment for Xinjiang Tuokuzibayi Gold Mine was 67kg.
3. The resources and reserves included diluting materials with an assuming dilution grade of 0g/t.
4. Parameters for flat base short hole shrinkage mining method:
   Length of block: 50m
   Minimum width of block: 2m
   Pillar between blocks: 5m
   Crown pillar: 6m
   Distance between levels: 50m

Deep Part of Xinjiang Tuokuzibayi Gold Mine

The mine is conducting geological exploration activities.The former gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 3g/t.

Jinchanshan Gold Mine of Inner Mongolia

1. The gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 3g/t.
2. The ore resources and reserves increment for Jinchanshan Gold Mine was 18kg.
3. The resources and reserves included diluting materials with an assuming dilution grade of 0g/t.
4. Parameters for short hole shrinkage mining method:
   Length of block: 50m
   Minimum width of block: 1.2m
   Pillar between blocks: 5m
   Crown pillar: 6m
   Distance between levels: 40m

Jinchanshan Changgao Gold Mine of Inner Mongolia

The mine is in the stage of applying mining permit procedure and no exploration and exploitation activities are carried out. The former gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 3g/t.

Upper Part of Istanbul Gold Mine of Kyrgyzstan

1. The gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 3g/t.
2. The ore resources and reserves depletion for Upper Part of Istanbul Gold Mine was 331kg.
3. The resources and reserves included diluting materials with an assuming dilution grade of 0g/t.
4. Parameters for sublevel caving mining method:
   Length of block: 50m
   Minimum width of block: 1.2m
   Pillar between blocks: 5m
   Crown pillar: 6m
   Distance between levels: 40m

Eastern Istanbul Gold Mine of Kyrgyzstan

1. The gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 2.5g/t.
2. The resources and reserves included diluting materials with an assuming dilution grade of 0g/t.
3. Parameters for sublevel caving mining method:
   Length of block: 50m
   Minimum width of block: 1.2m
   Pillar between blocks: 5m
   Crown pillar: 6m
   Distance between levels: 40m

Istanbul Gold Mine of Kyrgyzstan

The mine is conducting geological exploration activities. The former gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 3g/t.

Akesu Gold Mine of Kyrgyzstan

The mine is conducting geological exploration activities. And no mining activities were conducted The former gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 2.5g/t.

Tieliekelin Gold Mine of Kyrgyzstan

The mine was in construction stage and is conducting geological exploration activities. No mining activities were conducted. The former gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 2.5g/t.

Exploration area of Tieliekelin Gold Mine of Kyrgyzatan

The mine is conducting geological exploration activities and no mining activities conducted. The former gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 2.5g/t.

The gold resources and reserves estimates were based on the estimates of resources and reserves as approved for record by the Department of Land and Resources of the PRC in 2011. The changes in gold resources and reserves during the period were due to mining consumption and exploration and was confirmed by qualified mineral resources evaluator.

2015 was extraordinarily challenging. Despite the sluggish economy and significant drop of gold price, the Company used its best endeavor to enhance operation and maintain business growth. The production and operation of the Company remained stable, and the overall costs were under control. Adhering to the strategy of prioritizing resources to major aspects, all key projects and major constructions achieved satisfactory progress during the year, laying solid foundation for the sustainable development and acceleration of transformation of the Company. Nanshan Branch has completed the verticle shaft of Qiangma Valley. Huatai has completed the expansion of tailings in zone 1 as scheduled. For Xingyuan No. 3 Shaft, the shaft installation is basically completed, and solidification and casting of the foreshaft construction are in progress. The technology upgrading of the processing plant of Full Gold with a production capacity of 1,500 tonnes per day has commenced. The "three connections and one leveling" (i.e. water supply, electricity supply, roads and site formation works) and pipeline construction have been completed, while the ground works, equipment installation and expansion of tailings are in progress. Renovation of process plant of Jinchan and the promotion and application of power optimizer of smelting branch were completed as planned. The upgraded lithium-foil technology of Wason Copper-Foil has achieved the targeted production capacity and the production was at full capacity during the year. Transformation of high-end products and development of high-end market also achieved remarkable results. 6mm lithium-foil with high resistance has achieved stable production. Monthly sales of high-end lithium-foil exceeded 1,000 tonnes, demonstrating the success in expansion of Wason Copper-Foil to high-end market through the transformation of high-end products. The Group adhere to the operational policy of "Safety First, Emphasis on Prevention and Integrated Management", to strengthen its safety training education to ensure its production safety and environment protection. In 2015, the Group had no major accidents occurred and the environment protection was observed in compliance with the relevant laws and regulation. The Group has developed good relationship with a number of suppliers. The Group carefully selects its suppliers and requires them to satisfy certain assessment criteria including track record, experience, financial strength, reputation, capability to provide high-quality products and quality control effectiveness. However, under the backdrop of the weak economy, commodity prices remained at low level, certain suppliers and customers suffered from financial difficulties, and thus the recovery cycles for certain payments may be longer than expected. Accordingly, the Group recognized impairment losses on deposits and trade receivable for the year, and initiated negotiation on the repayment terms with and monitored the repayment schedules of the relevant parties.

BUSINESS OUTLOOK OF 2016

2016 is the first year of full implementation of the Thirteenth Five-Year plan. It is an important year full of opportunities and to assess the accountability, capability and working principles of the management as well as all employees of the Company. It will be critical for the Company to shake off the passive role in production and operation by overcoming the bottlenecks and difficulties. In 2016, the Company will focus on improving resources management, and will continue to expand the geological exploration and productive exploration in deeper part of existing mines and around the vicinity. For the procurement of raw materials, in order to secure the quality and sufficient amount of raw materials, the Company will control the risk of prepayment for concentrates and maintain the balance between the profit margin and quantity of metals purchased in order to overcome the problems caused by the intensifying competition on raw materials, lack of mineral resources and low profit in China. For construction project, the technology upgrading of the processing plant of Full Gold with a production capacity of 1,500 tonnes per day will be accelerated. Installation of electrical equipment and construction of pipelines must be completed. Repair and maintenance of relevant facilities including the flotation, grinding and smashing machines, as well as the flotation tailings pipes, return pipes and pipeline for clean water and connection, repair and improvement of other pipelines of the filtration and absorber plant must be completed by mid-2016 in order to facilitate trial operation.

The year of 2016 will be full of challenges. In face of the complicated and ever-changing global economic condition, the management and all employees of the Company should be well prepared for the tough days ahead and should further strengthen the capabilities in terms of crisis management, duty performance, market awareness and development awareness. The Company aims to cope with new challenges and changes through innovative operating philosophy and strategies, and explore new growth points by refining the systems in order to achieve new breakthroughs. All members of the Company will be dedicated to develop Lingbao Gold as a top gold mining group in the PRC.

APPRECIATION

On behalf of the Board, I wish to express our sincere gratitude to all the shareholders for their support and trust, and to the management and all the staff for their dedication and hard work over the past year.

By order of the Board

Jin Guangcai
Chairman

Lingbao, Henan, the PRC
30 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF BUSINESS

In 2015, the Group produced approximately 19,104 kg (equivalent to approximately 614,208 ounce) gold, representing a decrease of approximately 465 kg (equivalent to approximately 14,950 ounce) or 2.4% as compared with the previous year. The Group's revenue decreased by 11.4% to approximately RMB5,756,594,000. The loss attributable to the equity shareholders of the Company for the year was approximately RMB462,162,000, while the profit attributable to the equity shareholders of the Company for the previous year was RMB33,687,000. The Company's basic loss per share was RMB0.60. The loss was mainly due to (i) the decrease in profit margin of gold resulted from the decrease in price of gold and average selling price of gold; (ii) the provision made for the impairment losses of trade and other receivables; (iii) the provision made for the impairment of property, plant and equipment; and (iv) reversal of deferred tax assets in respect of the unused tax losses of the Company.

Given that raw materials accounted for over 81% of total production cost, the Group intends to increase its self-produced output of mine gold through expansion of mining operation, and uplift the overall production and operation targets, so as to minimise the risks associated with raw materials purchased from outsiders.

1. Mining Segment

Revenue and production

Our mining business mainly comprises the sales of gold concentrates and compound gold. Most of the gold concentrates and compound gold were sold to the Group's smelting plant as inter-segment sales.

The following table sets forth the analysis of the production and sales volume of the mining segment by product category:

		2015		2014	
	Unit	**Approximate production volume**	**Approximate sales volume**	Approximate production volume	Approximate sales volume
Gold concentrates (contained gold)	kg	**1,851**	**1,900**	2,191	2,221
Compound gold	kg	**1,216**	**1,190**	1,230	1,221
Total	kg	**3,067**	**3,090**	3,421	3,442
Total	ounce	**98,606**	**99,346**	109,988	110,663

The total revenue of the mining segment of the Group for 2015 was approximately RMB676,157,000, representing a decrease of approximately 15.3% from approximately RMB798,574,000 in 2014. During the year, revenue of gold mines in Henan, Xinjiang and Inner Mongolia represented approximately 57.7%, 30.9% and 11.4% of the total revenue of the mining segment respectively. The production volume of compound gold of the Group decreased by approximately 14 kg to approximately 1,216 kg while the production volume of its gold concentrates decreased by approximately 340 kg to approximately 1,851 kg.

Segment results

The Group's results of the mining segment for 2015 was profit of approximately RMB5,714,000, as compared to the profit of approximately RMB69,517,000 in 2014. The segment result to segment revenue ratio of the Group's mining segment for 2015 was approximately 0.8%, as compared to approximately 8.7% in 2014. The decrease in the average price of gold in 2015 resulted in the decrease in gross profit margin and revenue of the Group.

Full Gold Mining Limited Liability Company focused on the selection technology upgrading, project construction and mining activities in 2015. 70% of the selection technology upgrading was completed. The technology upgrading is expected to be completed and put into use in mid-2016.

2. Smelting Segment

Our smelting plant is situated in Henan Province, and is capable of processing gold, silver, copper and sulphur. Its products include gold bullion, silver, copper products and sulphuric acid. The following table sets forth the analysis of the production and sales volume of the smelting segment by product category:

		2015		2014	
Product	Unit	**Approximate production volume**	**Approximate sales volume**	Approximate production volume	Approximate sales volume
Gold bullion	kg	**19,104**	**19,213**	19,569	19,418
	ounce	**614,208**	**617,712**	629,158	624,303
Silver	kg	**36,050**	**35,117**	42,150	41,538
	ounce	**1,159,034**	**1,129,038**	1,355,154	1,335,478
Copper products	tonne	**16,308**	**15,450**	16,585	16,663
Sulphuric acid	tonne	**193,955**	**191,314**	193,884	196,458

Sales and production

The Group's total revenue from the smelting segment for 2015 was approximately RMB5,199,665,000, representing a decrease of approximately 8.8% from approximately RMB5,702,978,000 in 2014. Such decrease was mainly attributable to the decrease in our average selling price of gold bullion of approximately 5.8% as compared with the previous year.

The daily processing capacity of the Group was approximately 1,096 tonnes of gold concentrates, and capacity utilisation rate was approximately 100%. The Group's production volume of gold, silver, copper and sulphuric acid increased/(decreased) by approximately (2.4)%, (14.5)%, (1.7)% and 0.0% respectively as compared with the previous year. During the year, the gold recovery rate was approximately 96.3%, the silver recovery rate was approximately 71.0% and the copper recovery rate was approximately 96.3%. The recovery rates of the Group remained at high level.

Segment results

The Group's result of the smelting segment for 2015 was approximately RMB19,548,000, as compared to the profit of approximately RMB152,791,000 in 2014. The segment results to segment revenue ratio of our smelting business in 2015 was approximately 0.4%, as compared to approximately 2.7% in 2014. The significant drop in the selling price of gold in 2015 resulted in the decrease in profit margin of products. The decrease in price of gold resulted in the suspension of gold concentrates supplied by certain suppliers to the Group as they came across financial difficulties. The Group has already made provision for the impairment of purchase deposits to these suppliers.

Outlook

In 2016, the Company will aim to maintain sound, active and professional operation to facilitate its expansion, industrialization and financial development. In order to develop the "three cores", namely the development of gold, smelting of non-ferrous metals and production of copper foil, four major strategic measures will be adopted with focuses on reallocation of resources, technology upgrades and expansion, cost control, enhancement of efficiency and safety and environmental protection. The Company is devoted to developing Lingbao Gold as a leading gold mining company in China through liberalization, cooperation, commitment and dedication.

FINANCIAL INFORMATION

1. Operating Results

Revenue

The Group's sales analysis by products is shown as follows:

	2015			2014		
	Amount	Sales volume	Unit price	Amount	Sales volume	Unit price
			(RMB per			(RMB per
	(RMB'000)	(kg/tonne/m^2)	kg/tonne/m^2)	(RMB'000)	(kg/tonne)	kg/tonne)
Gold bullion	4,523,816	19,213 kg	235,456	4,855,253	19,418 kg	250,039
Silver	101,583	35,019 kg	2,901	141,405	41,538 kg	3,404
Copper products	73,215	2,050 tonnes	35,715	535,059	12,763 tonnes	41,923
Copper foils	982,090	16,716 tonnes	58,751	952,546	14,933 tonnes	63,788
Flexible copper clad laminate	8,773	85,025m^2	103	–	–	–
Sulphuric acid	33,699	191,314 tonnes	176	18,488	196,458 tonnes	94
Gold concentrates	42,622	222 kg	191,991	3,878	19kg	204,105
Revenue before tax	5,765,798			6,506,629		
Less: Sales tax	(9,204)			(10,278)		
	5,756,594			6,496,351		

The Group's revenue for 2015 was approximately RMB5,756,594,000, representing a decrease of approximately 11.4% as compared with the previous year, of which the revenue of gold bullion accounted for 78.6% of its total revenue. Such decrease was mainly attributable to (i) the decrease in our average selling price of gold bullion during the year of approximately 5.8%; and (ii) the decrease in sales volume of copper products of 83.9%. The decrease in sales volume of copper products was mainly because the Group sold products to third parties in 2014 while such products were used in the production of copper foils in 2015.

The Group commenced its copper processing business during the year 2008, mainly involving the production of copper foil. In 2015, the Group continued to accelerate the transformation of lithium copper foil products and expand into high-end market to improve its service quality and expand its product sales. With the dedicated work by all of our staff, the production and sales volume of copper foil were 16,287 tonnes and 16,716 tonnes respectively, representing an increase of approximately 9.0% and 11.9% respectively as compared with last year.

Gross profit and gross profit margin

The Group's gross profit and gross profit margin for 2015 were approximately RMB448,532,000 and 7.8% respectively, as compared to the gross profit and gross profit margin for 2014 of RMB574,454,000 and 8.8% respectively. In 2015, the decrease in price and average selling price of products of the Group resulted in the decrease in the gross profit margin of the Group.

Other revenue

The Group's other revenue for 2015 was approximately RMB42,633,000, representing an increase of approximately 25.1% as compared with approximately RMB34,067,000 for 2014. Such increase was mainly attributable to the increase in government grants of RMB12,080,000.

Other net (loss)/income

The Group's other net loss for 2015 was approximately RMB140,877,000 as compared with a net income of approximately RMB49,875,000 for 2014. The loss was mainly attributable to the impairment losses of property, plant and equipment and construction in progress and intangible assets of approximately RMB173,094,000.

Selling and distribution expenses

The Group's selling and distribution expenses for 2015 were approximately RMB29,460,000, representing a decrease of approximately 10.6% as compared with the previous year. Such decrease was mainly attributable to the decline of the business and corresponding decrease in selling and distribution expenses.

Administrative expenses and other operating expenses

The Group's administrative expenses and other operating expenses for 2015 were approximately RMB430,387,000, representing an increase of approximately 31.6% as compared with approximately RMB327,022,000 for 2014. The increase was mainly due to the recognition of the impairment losses of purchase deposits of certain suppliers and trade receivables of approximately RMB107,852,000 in 2015.

Finance costs

The Group's finance costs for 2015 were approximately RMB245,358,000, representing an increase of approximately 1.5% as compared with approximately RMB241,736,000 for 2014. Such increase was mainly attributable to the increase in average bank loans during the reporting period.

Loss attributable to the Company's equity shareholders

The loss attributable to our equity shareholders in 2015 was approximately RMB462,162,000, as compared to the profit attributable to our equity shareholders in 2014 of approximately RMB33,687,000. The basic loss per share was RMB0.60. The Group does not recommend the payment of final dividend for the year ended 31 December 2015.

2. Liquidity and Financial Resources

The Group generally finances its acquisition and operations with internally generated funds and bank loans. The cash and bank balances as at 31 December 2015 amounted to RMB1,240,352,000 (31 December 2014: RMB548,820,000).

The total equity of the Group as at 31 December 2015 amounted to RMB1,172,480,000 (31 December 2014: RMB1,693,515,000). As at 31 December 2015, the Group had current assets of RMB3,818,730,000 (31 December 2014: RMB3,384,708,000) and current liabilities of RMB5,558,914,000 (31 December 2014: RMB3,268,473,000). The current ratio was 0.69 (31 December 2014: 1.04).

As at 31 December 2015, the Group had total outstanding bank loans of approximately RMB4,430,495,000 with interest rates ranging from 1.81% to 6.15% per annum, of which approximately RMB3,771,699,000 was repayable within one year, approximately RMB419,159,000 was repayable after one year but within two years while approximately RMB239,637,000 was repayable after two years. The gearing ratio as at 31 December 2015 was 68.3% (31 December 2014: 58.7%) which was calculated by total borrowings including Medium Term Notes divided by total assets.

On 25 March 2011, the Company issued five-year Medium Term Notes of RMB400 million in the PRC. The notes are unsecured and bear a floating interest rate, which is based on the one-year deposit rate of the People's Bank of China plus a margin of 2.95% per annum. The notes were redeemed on 25 March 2016.

On 17 June 2011, the Company issued five-year Medium Term Notes of RMB300 million in the PRC. The notes are unsecured and will be redeemed on 16 June 2016, and bear a floating interest rate, which is based on the one-year deposit rate of the People's Bank of China plus a margin of 2.85% per annum.

3. Security

As at 31 December 2015, bank loans of the Group amounting to RMB245,458,000 were secured by the mining right of Istanbul Gold Mine with a carrying amount amounting to RMB81,993,000 and the ordinary shares of Full Gold, a subsidiary located in KR.

As at 31 December 2015, Lingbao State-owned Assets Management Co, Ltd. acted as a guarantor of a bank loan of RMB324,680,000.

4. Substantial Acquisition

During the reporting period, the Group had no substantial acquisition.

5. Market Risks

The Group is exposed to various types of market risks, including fluctuations in gold price and other commodity prices, changes in interest rates and exchange rates.

Gold price and other commodities price risk

The Group's revenue and profit for the year were affected by fluctuations in the gold prices and other commodities price as all our products are sold at the market prices and such fluctuation is beyond our control. We do not use and strictly prohibit the use of commodity derivative instruments or futures for speculation purpose, and all commodity derivative instruments are used to minimise the potential price fluctuation of gold and other commodities.

Interest rate

The Group is exposed to risks resulting from the fluctuation in interest rates on our debt obligations. The Group undertakes debt obligations for supporting capital expenditure and general working capital. Our bank loans bear interest rates that are subject to adjustment made by our lenders in accordance with changes of the relevant regulations of the People's Bank of China. If the People's Bank of China increases the interest rates, our finance cost increases accordingly. In addition, to the extent that we may need to raise debt financing in the future, upward fluctuations in interest rates will increase the cost of new debt.

Exchange rate risk

The Group's transactions are mainly denominated in Renminbi. As a result, fluctuations in exchange rates may affect the international and domestic gold price, and our results of operation may be affected. Renminbi is not freely convertible and the currency would fluctuate against a basket of currencies. The PRC government may take further actions and implement new measures on free trade of Renminbi.

In addition to the foregoing, the exchange rate risks to which the Group exposes are mainly from certain bank deposits, trade and other receivables, trade and other payables and bank loans, which are denominated in foreign currencies. The currency giving rise to risk is primarily United States dollars.

Fluctuations in exchange rates may adversely affect the value of our net assets, earnings and any dividends we declare when they are being converted or translated into Hong Kong dollars.

6. Contractual Obligations

As at 31 December 2015, the Group's total capital commitments in respect of the construction costs which were not provided for in the financial statements were approximately RMB165,173,000, representing an increase of approximately RMB87,183,000 from approximately RMB77,990,000 as at 31 December 2014.

As at 31 December 2015, the Group's total future minimum lease payments under non-cancellable operating leases amounted to approximately RMB13,927,000, of which approximately RMB2,951,000 was payable within one year, approximately RMB9,051,000 was payable after one year but within five years, and approximately RMB1,925,000 was payable after five years.

7. Contingent Liabilities

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

8. Capital Expenditure

During the year 2015, the Group's capital expenditure was approximately RMB273,858,000, representing a decrease of approximately 13.2% from approximately RMB315,584,000 in 2014.

The Group's capital expenditure mainly relates to the construction of mining shafts, expansion projects equipment and upgrading of production equipment.

9. Human Resources

In 2015, the average number of employees of the Group was 6,431. The Company highly treasures its human resources and provides its employees with competitive remuneration and training programs.

10. Compliance with Laws and Regulations

The Company was incorporated in the PRC and majority of its business operation is in China, while the Company itself is listed on the Stock Exchange. The operation of the Group is subject to the relevant laws and regulations in the PRC and Hong Kong. During the year ended 31 December 2015 and up to the date of this annual report, the Group has, in all material respect, complied with all the relevant laws and regulations in the PRC and Hong Kong.

PROFILE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Jin Guangcai (靳廣才先生), aged 48, chairman and an executive Director. He completed a postgraduate course in politics and economics at Shannxi Normal University (陝西師範大學). He has approximately 16 years' experience in mining and smelting industry. Mr. Jin was appointed as a Director in October 2004 and chairman of the Company in February 2013.

Mr. Qiang shanfeng (強山峰先生), aged 44, holds a doctoral degree and is a senior geological engineer and a certified senior consultant. Before joining the Company, Mr. Qiang had worked in Bureau of Land and Resources of Lingbao City from April 2010 to July 2013, during which he had held posts as a member of the party leadership and deputy director since April 2010, and served as deputy secretary of the party leadership and principle staff member since November 2012. Mr. Qiang obtained a bachelor's degree in mineral deposit geology from China University of Geosciences in July 1993. From September 2008 to June 2012, Mr. Qiang obtained a doctoral degree majoring in mineral resources prospecting and exploration at China University of Geosciences. Mr. Qiang has served as chief executive officer of the Company since August 2013 and was appointed as a Director in June 2014.

Mr. Ji Wanxin (吉萬新先生), aged 50, is currently the vice president of the Company. In 1991 Mr. Ji obtained a bachelor's degree in business administration from Xi'an College of Metallurgy and Architecture (西安冶金建築學院) in Shaanxi. He has approximately over 20 years' experience in mining. He was appointed as the vice president of the Company in March 2011 and was appointed as a Director in June 2015.

Mr. Xing Jiangze (邢江澤先生), aged 49, he holds a bachelor's degree and is a registered certified public accountant, certified tax agent, senior accountant, senior consultant and economist in the PRC, having over 24 years' experience in finance, accounting and auditing. He joined the Company in April 2007 and had served as assistant financial controller, financial controller and chief investment officer. Mr. Xing has served as secretary of the Board since August 2013 and was appointed as a Director in June 2015.

Mr. Zhang Guo (張果先生), aged 49, deputy general manager and an executive Director. He completed a course in mining engineering at Baotou Steel and Iron College (包頭鋼鐵學院) and obtained the qualification of mining engineer. He has more than 25 years of experiences in mining industry. Mr. Zhang was appointed as a Director in January 2009.

Mr. Zhou Yudao (周玉道先生), aged 50, holds a diploma and is an economist. He obtained a diploma in industrial economic management from Henan University of Finance and Economics in June 1993. Mr. Zhou was appointed as a manager of Henan Gold Jinhe Jewellery Company in March 2001 and later had worked as a deputy chief of fund office in Henan Provincial Bureau of Gold Administration from October 2003 to December 2004. Mr. Zhou currently served as a chairman and a general manager in Tongbai Xingyuan Mining Limited Company (a subsidiary of the Company) since January 2005 and was appointed as a Director in June 2014.

Non-executive Directors

Mr. Shi Yuchen (石玉臣先生), aged 54, holds a doctoral degree in geology and is a senior engineer and a national mineral reserves appraiser. He is also a part-time professor and supervisor of postgraduate of Shandong University of Science and Technology. He studied in Changchun College of Geology majoring in regional geological survey and mineral resources prospecting from October 1978 to July 1982 and obtained a bachelor's degree. He continued his study in Jilin University majoring in mineral resources prospecting and exploration from February 1999 to May 2005 and obtained a doctoral degree. He had worked in Zhongrun Resources Investment Corporation as an executive director from May 2012 to October 2012 and currently working in Huibang Investment and Development Corporation as director since November 2012. Mr. Shi was appointed as a non-executive Director in June 2014.

Independent Non-executive Directors

Mr. Yang Dongsheng (楊東升先生), aged 51, is a senior accountant, a member of China Institute of Certified Public Accountant, a member of China Certified Public Valuer and a member of China Certified Tax Agent. Mr. Yang graduated from Henan University of Traditional Chinese Medicine with a bachelor degree in medicine, graduated from Henan Finance and Economics School with a college degree in accounting and graduated from Hong Kong Chinese University with a master degree in accounting. He has 31 years extensive experience in accounting and auditing. He worked in accounting firms for 16 years and has been in charge of listed companies audit work and initial public offering projects. He is currently a partner of BDO China Shu Lun Pan Certified Public Accountants LLP and a chief of Henan branch. Mr. Yang was appointed as an independent non-executive Director in January 2014.

Mr. Han Qinchun (韓秦春先生), aged 57, is currently the Executive President of China International Capital Management and Research Company Limited (Hong Kong) and the Director of Real Estate Research Centre of Peking University HSBC Business School. Mr. Han obtained a Doctorate Degree of Philosophy in Urban Economics and Management from The University of Hong Kong in 1998. He is a Registered Appraiser, Planner and Engineer in PRC. He has a corporate finance advisory license, an asset management license, a securities dealing advisory license and a securities floor trading license issued by the Securities and Futures Commission. Mr. Han served as an official of the PRC government authorities, the Investment Manager and Senior Management Member of an investment bank and the Vice-chairman and President of Hong Long Holdings Limited from early 2006 to January 2010, a listed company in Hong Kong. He has rich experience in financial investment aspect, equity capital market and listed companies' management. Mr. Han was appointed as an independent non-executive Director in March 2012.

Mr. Wang Jiheng (王繼恒), aged 48, holds a master's degree in law of NorthWest University of Politics and Law and a doctoral degree in law of Wuhan University, and is an associate professor and an advisor of master degree students. He currently engages in the work of environment and resources law teaching and research in NorthWest University of Politics and Law, and serves as vice president of the Resources and Energy Law Research Institute of the Economic Law College of the University, and also the director of the Resources and Energy Law Teaching and Research Department of the Economic Law College of the University. His part-time jobs includes secretary-general of the environment and resources law research association of Xi'an Society of Law, member of the policy advisory committee of Lianhu District of Xi'an, senior trainer of EU – China Environmental Governance Program and trainer of the environmental law institute of IUCN. Mr. Wang was appointed as an independent non-executive Director in June 2015.

Mr. Wang Guanghua (汪光華先生), aged 64, graduated from Beijing Institute of Chemical Technology (renamed Beijing University of Chemical Technology in 1994) majoring in chemical engineering in July 1974. Mr. Wang has more than 30 years of working experience in investment, government affairs and business operation and management. He worked in New Era New Materials Development Company of China New Era Group Corporation as general manager from January 2006 to February 2012. He served as partner of Elevation China Capital from March 2012 to August 2014 and served as chairman of Ningxia Jiecheng Investment and Management Company Limited and executive partner of Ningxia Jiecheng Venture Capital Fund, which was approved to establish and funded by National Development and Reform Commission and Ministry of Finance from March 2014 to November 2015. Currently he serves as chairman of Nanjing Jingtaiheng Investment and Management Company Limited since July 2015 and is in charge of Nanjing Jingyong Healthcare Venture Capital Fund, which was funded by Zijin Group, a financial platform of Nanjing Municipal People's Government. Mr. Wang has more than 30 years of working experience in investment, government affairs and business operation and management. Mr. Wang was appointed as an independent non-executive Director in March 2016.

SUPERVISORY COMMITTEE AND SUPERVISORS

Mr Wang Guodong (王國棟先生), aged 45, holds a diploma, is a senior production and operation manager division and a mine engineer. He obtained the diploma in mining engineering from Xi'an Institute of Metallurgy and Architecture. Currently he is the chairman of Lingbao Wason Copper-Foil Company Ltd since December 2013. Mr. Wang was appointed as a supervisor of the Company in April 2014 and the Chairman of the supervisory committee in June 2014.

Mr. Yao shun (姚舜先生), aged 43, is a bachelor degree holder. He has been appointed as the Office Director of Lingbao City State-owned Assets Management Co, Ltd. since August 2007. Mr. Yao was appointed as an supervisor of the Company in March 2012.

Mr. Guo Xurang (郭許讓先生), aged 44, obtained a master's degree in business administration from Hangzhou Dianzi University in July 2003. Since April 2007 Mr. Guo Xurang has been the chairman of Shannan Wanlaixin Investment Company Limited, which was named Beijing Wanlaixin Investment Company Limited from April 2007 to July 2013. Mr. Guo Xurang was a supervisor of the Company during the period from July 2010 to March 2012. Mr. Guo was appointed as a supervisor of the Company in June 2014.

Mr. Meng shouji (孟首吉先生), aged 28, obtained a bachelor's degree in economics and statistics from the University of London in August 2008, and obtained a master's degree in business administration from Imperial College Business School in August 2011. Mr. Meng Shouji has been general manager of Henan Xuanrui Assets Company Limited and the chairman of Henan Mengcheng Bio-Pharmaceutical Company Limited since September 2011. Mr. Meng is also a member of Sanmenxia Municipal Committee of the CPPCC (Chinese People's Political Consultative Committee) since January 2013. Mr. Meng was appointed as a supervisor of the Company in June 2014.

Mr. Jiao Xiaoxiao (焦瀟霄先生), aged 33, is currently the deputy officer of integrated office of the Company. Mr. Jiao graduated with a degree in Chinese language from Henan University. Mr. Jiao was appointed as a supervisor of the Company in January 2009.

SENIOR MANAGEMENT

Mr. He Haifang (賀海防先生), aged 39, holds a diploma and is a senior accountant. He studied in Zhengzhou College of Animal Husbandry Engineering and obtained a diploma in computerized accounting in July 2008. Mr. He had worked in Qiangma Gold Mine of Lingbao City from October 1995 to September 2002. Mr. He held the posts of chief accountant, budget section chief, deputy manager and manager of the finance department of the Company from September 2002 to August 2013. Mr. He has served as financial controller of the Company since August 2013.

Mr. Poon, Lawrence Chi Leung (潘之亮先生), aged 41, company secretary and chief financial officer of the Company, is responsible for company secretarial, financial and accounting management, and investor relations affairs of the Company. Mr. Poon graduated from Monash University, Australia, with a bachelor degree of Commerce. He is a certified practising accountant of CPA Australia and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Poon has over 16 years' experience in auditing, accounting and finance. Mr. Poon was appointed as the company secretary of the Company in March 2007.

CORPORATE GOVERNANCE REPORT

Being one of the integrated gold mining companies based in PRC, the Company is committed to continually achieving high standards of corporate governance practices and has put in place a set of well-defined corporate governance procedures to ensure the transparency of the Company and protect the overall interest and rights of shareholders as well as employees.

After our listing of H Shares on the Stock Exchange on 12 January 2006, the Company has complied with all Code Provisions under the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules save for the deviation from Code Provision A.2.7 (The chairman should at least annually hold meetings with the non-executive directors (including independent non-executive director) without the executive director present) and Code Provision A.4.2 (Directors appointed to fill a casual vacancy be subject to election by shareholders at the first general meeting after appointment).

THE BOARD

The Board is the executive organization of the Company and shall be responsible for formulating and executing the operation plans and management decisions of the Company as well as establishing the overall strategic direction of the Company. Its duties include evaluating the performance of senior management and supervising the system of the Company. The Board has to act in the best interest of the Company and its shareholders.

The composition of the Board are set out in the following table:

Director	Position
Mr. Jin Guangcai	Executive Director and Chairman
Mr. Qiang Shanfeng	Executive Director
Mr. Ji Wanxin (appointed on 3 June 2015)	Executive Director
Mr. Xing Jiangze (appointed on 3 June 2015)	Executive Director
Mr. Zhang Guo	Executive Director
Mr. Zhou Yudao	Executive Director
Mr. He Chengqun (resigned on 3 June 2015)	Executive Director
Mr. Shi Yuchen	Non-executive Director
Mr. Yang Dongsheng	Independent Non-executive Director
Mr. Han Qinchun	Independent Non-executive Director
Mr. Wang Jiheng (appointed on 3 June 2015)	Independent Non-executive Director
Mr. Wang Guanghua (appointed on 30 March 2016)	Independent Non-executive Director
Ms. Du Liping (resigned on 3 June 2015)	Independent Non-executive Director
Mr. Xu Qiangsheng (resigned on 7 January 2016)	Independent Non-executive Director

Pursuant to the articles of association of the Company ("Articles of Association"), the term of appointment of the Directors (including the non-executive Directors and independent non-executive Directors) shall be three years and the Directors are eligible for re-election. The chairman of the Company, Mr. Jin Guangcai, and the other five executive Directors have been engaged in the management of gold mining business for years with extensive experience. They are responsible for the business management of the Company, formulation and implementation of important strategies, making daily business decision, and coordination of overall business operation.

All of the Directors can give sufficient time and attention to the Company's affairs.

Non-executive Directors and independent non-executive Directors possess wide expertise and are able to give professional advice in various aspects such as law, accounting, finance, tax, equity capital and industrial and commercial industries. The non-executive Directors would participate in Board meetings of the Company to bring an independent judgment to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct. In addition, they would take the lead in Board meetings where potential conflicts of interests arise. They also have to scrutinise the Company's performance in achieving agreed corporate goals and objectives.

Independent non-executive Directors are expressly identified in all corporate communications that disclose the names of the Directors.

The Company has received annual written confirmation from each of the independent non-executive Directors to ensure they are in compliance with Rule 3.13 of the Listing Rules in respect of their independence. Apart from employment relationships with the Company, there is no any financial, business, family or other material relationships amongst members of the Board. The Company considers that they are independent.

The Company has established various internal control systems which allow the Board to maintain high standard of corporate governance in the management of the Company. To ensure that the Board performs its duties effectively, the management is required to submit business and financial reports of the Company to the Directors regularly.

Directors would make further enquiries if they require further enquiries than information volunteered by management. The Board has separate and independent access to the company secretary and other senior management at all times to conduct informal discussions. It is at the Company's expense for the Board to contact the auditors, lawyers or other professionals to obtain independent professional opinions when appropriate. Management are regularly reminded by the company secretary that they have an obligation to provide the Board and its committees with adequate, complete and reliable information in a timely manner. All Directors have access to Board papers and related materials which will enable the Board to make an informed decision on matters placed before it. Steps are taken to respond to enquiries raised by Directors as fully as possible.

For the year ended 31 December 2015, the Board held thirteen meetings to discuss and approve various important matters. All such meetings were convened in accordance with the Articles of Association. The table below lists out the attendance of each Director at the Board meetings held during the year up to the date of the report. The attendance illustrates the attention of the Board to the management of the Company's affairs. The matters processed by the Board in the meetings are all recorded, and the relevant records are kept pursuant to relevant laws and regulations.

Director	The number of Board meetings that the Director was entitled to attend	Board meetings that the Director attended	Attendance (%)	Number of general meetings and class general meeting attended/held
Mr. Jin Guangcai	13	13	100	1/1
Mr. Qiang Shanfeng	13	13	100	1/1
Mr. Ji Wanxin	8	8	100	0
Mr. Xing Jiangze	8	8	100	0
Mr. Zhang Guo	13	13	100	1/1
Mr. Zhou Yudao	13	13	100	1/1
Mr. He Chengqun	5	4	80	0/1
Mr. Shi Yuchen	13	13	100	1/1
Mr. Yang Dongsheng	13	13	100	1/1
Mr. Xu Qiangsheng	13	13	100	1/1
Mr. Han Qinchun	13	13	100	1/1
Mr. Wang Jiheng	8	7	87.5	1/1
Mr. Wang Guanghua	0	0	0	0
Ms. Du Liping	5	5	100	1/1

Prior to each regular Board meeting, the management of the Company shall submit materials relevant to the affairs to be discussed in the meeting to the Board. Notice convening the regular meeting shall be sent to the Directors at least ten days before the meeting so that arrangements can be made to attend the meeting. Documents required for the Board meeting shall be sent to the Directors at least three days before the meeting, to ensure that enough time is given to the Directors to review the documents and get prepared for the meeting.

The Board meeting is chaired by the chairman of the Company to ensure that sufficient time is allocated to the consideration and discussion of each matter in the agenda and each Director is given an equal opportunity to speak. In addition, Directors are given an opportunity to include matters in the agenda. Minutes of Board meetings and meetings of Board committees record detailed concerns raised by Directors and dissenting views expressed. Minutes of Board meetings and meetings of Board committees would be kept by secretary and such minutes are opened for inspection at any reasonable time on reasonable notice by any Director.

If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter would not be dealt with by way of circulation or by a committee but a Board meeting would be held. Independent non-executive Directors have no material interest in the transaction would be present at such Board meeting.

Code Provision A.2.7 provides that the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. During the year 2015, all meetings were held with the executive Directors' presence. However, the chairman has delegated the secretary to the Board to gather any concerns and/or questions that the non-executive Directors and the independent non-executive Directors might have and report to him and arrange a meeting with them.

With respect to the re-election of newly appointed Director, the Company has complied with Paragraph 4(2) of Appendix 3 of the Listing Rules, which permits the Director who have been appointed to fill a casual vacancy of the Board be eligible for re-election at the next annual general meeting of the Company. As such, Code Provision A.4.2, which requires the re-election to take place at the next general meeting, was not adopted.

Every newly appointed Director would receive a comprehensive, formal and tailored induction on the first occasion of his appointment, and subsequently continuous briefing and professional development would be arranged to ensure that he/she has a proper understanding of the operations and business of the Company and that he/she is fully aware of his/her responsibilities under statute and common law, the Listing Rules, applicable legal requirements and other regulatory requirements and the business and governance policies of the Company. All Directors are encouraged by the Group to participate in continuous professional development to develop and refresh their knowledge and skills. During the year, all Directors attended training sessions and updates relating to the Company's business or directors' duties and responsibilities, the latest development of the Listing Rules and other applicable regulatory requirements etc. by reading.

BOARD COMMITTEE

The Board has established four committees. Each committee has its terms of reference, including the review of matters of extraordinary nature, giving suggestions to the Board of Directors and making decisions on behalf of the Board relating to such matters when appropriate.

(1) Audit Committee

The audit committee of the Board is a body specifically set up by the Board according to the resolutions of general meetings and shall mainly be responsible for the communication, supervision and inspection of internal and external audit.

After our listing, the Company has been in full compliance with the requirements of Rule 3.21 of the Listing Rules.

In 2015, the audit committee comprises of five members, all of which are either non-executive Director or independent non-executive Director. Any former partner of KPMG should be prohibited from acting as a member of the audit committee. Pursuant to the Listing Rules, an independent non-executive Director specializing in accounting will be the chairman who will be in charge of the work of the committee. The committee now comprises of the following members:

Mr. Yang Dongsheng *(Chairman)*
Mr. Shi Yuchen
Mr. Han Qinchun
Mr. Wang Jiheng (appointed on 3 June 2015)
Mr. Wang Guanghua (appointed on 30 March 2016)
Ms. Du Liping (resigned on 3 June 2015)
Mr. Xu Qiangsheng (resigned on 7 January 2016)

The principal terms of reference of the audit committee are: (a) to suggest recruiting or changing external audit organization; (b) to supervise the internal audit system of the Company and its implementation; (c) to facilitate the communication between internal audit and external audit; (d) to review the financial information and its disclosure; (e) to inspect the internal control system of the Company and to audit major connected transactions; (f) to develop and implement policy on the engagement of an external auditor to supply non-audit service; (g) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard. The audit committee would discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences; (h) to monitor integrity of financial statements of the Company and the Company's annual reports and accounts, half-year reports and to review significant financial reporting judgments contained in them. In this regard, in reviewing the Company's annual reports and accounts, half-year reports before Corporate Governance Report submission to the Board, the committee would focus particularly on: (i) any changes in accounting policies and practices; (ii) major judgmental areas; (iii) significant adjustments resulting from audit; (iv) the going concern assumptions and any qualifications; (v) compliance with accounting standards; (vi) compliance with the Listing Rules and other legal or regulatory requirements in relation to financial reporting; (vii) members of the committee would liaise with the Board, senior management and the qualified accountant and the committee must meet, at least once a year, with the Company's auditors; and (viii) the committee would consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and must give due consideration to any matters that have been raised by the Company's qualified accountant, compliance adviser and auditors; (i) to discuss with the management the system of internal control and ensure that management has discharged its duty to have an effective internal control system; (j) to consider any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response; (k) to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor the effectiveness of the internal audit function; (l) to review the external auditor's management letter, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response; (m) to report to the Board on the matters set out in Code Provision C.3.3; and (n) to be responsible for other matters as authorized by the Company.

The terms of reference of audit committee are kept at the registered office of the Company and has been published on the Company's website.

The audit committee has been provided with sufficient resources to discharge its duty.

Details of audit committee meetings held during the year are as follows:

Director	Audit committee meetings in 2015	The number of meetings that Director attended	Attendance (%)
Mr. Yang Dongsheng	2	2	100
Mr. Shi Yuchen	2	2	100
Mr. Han Qinchun	2	2	100
Mr. Wang Jiheng	1	1	100
Mr. Wang Guanghua	–	–	–
Ms. Du Liping	1	1	100
Mr. Xu Qiangsheng	2	2	100

In 2015, two meetings of the audit committee were held. On 27 March 2015, the audit committee met with the international auditors to discuss the general scope of their audit work. On 26 August 2015, the audit committee reviewed the Company's interim report for the year 2015. In addition, the audit committee had reviewed the financial statements for the year ended 31 December 2015 before the announcement of the Company's annual results. During the discussion, the audit committee had reviewed key areas in which management's judgment applied for adequate provision and disclosure, and internal control policies.

(2) Strategic Committee

The strategic committee of the Board is a body specifically set up by the Board according to the resolution of the general meeting and shall mainly be responsible for conducting research and giving advice regarding the long-term development strategies and material investment decisions of the Company.

In 2015, the strategic committee comprises of six Directors, with at least one independent non-executive Director pursuant to the implementation measure. The committee now comprises of the following members:

Mr. Jin Guangcai *(Chairman)*
Mr. Qiang Shanfeng
Mr. Zhang Guo
Mr. Zhou Yudao
Mr. He Chengqun (resigned on 3 June 2015)
Mr. Yang Dongsheng
Mr. Han Qinchun

The principal terms of reference of the strategic committee are: (a) to conduct research and make suggestions concerning the long-term development strategic plans of the Company; (b) to conduct research and make suggestions concerning the material investment and financial proposals which are subject to the approvals of the Board and the general meeting pursuant to the Articles of Association; (c) to conduct research and make suggestions concerning the material capital management and assets management projects which are subject to the approvals of the Board and the general meeting pursuant to the Articles of Association; (d) to conduct research and make suggestions concerning other significant events that influence the development of the Company; (e) to carry out inspection concerning the implementation of the above matters; and (f) to be responsible for other matters as delegated by the Board.

No strategic committee meeting was held in 2015.

(3) Nomination Committee

The nomination committee of the Board is a body specifically set up by the Board according to the resolutions of general meetings and shall mainly be responsible for making suggestions regarding the selection of the Directors and managers of the Company, choosing and making suggestions relating to the selection standards and procedures.

The nomination committee comprises of the following members, a majority of which are independent non-executive Directors:

Mr. Wang Guanghua *(Chairman)* (appointed on 30 March 2016)
Mr. Xu Qiangsheng *(Chairman)* (resigned on 7 January 2016)
Mr. Yang Dongsheng
Mr. Han Qinchun
Mr. Wang Jiheng (appointed on 3 June 2015)
Ms. Du Liping (resigned on 3 June 2015)

The main duties of the nomination committee include: (a) making recommendations to the Board on the Board's scale and composition in accordance with the operating activities, scale of assets and shareholding structure of the Company; (b) studying the criteria and procedures for the election of Directors and management personnel and making recommendations to the Board thereon; (c) seeking for the right candidates for the position of Directors and management personnel; (d) reviewing the candidates for the position of Directors and management personnel and making recommendations thereon; (e) reviewing other senior management proposed to be appointed by the Board and making recommendations thereon; and (f) undertaking other tasks as delegated by the Board.

The terms of reference of nomination committee has been published on the Company's website.

The nomination committee would hold a meeting to discuss the appropriateness of the candidates and consult the chairman about their proposals relating to the nomination of other executive Directors and have access to professional advice if considered necessary. The criteria for selection include professional qualification, industrial experience and academic background.

Written notice of the intention to nominate a candidate together with the respective resume would be delivered to the Board for its consideration and approval.

In 2015, one meetings of the nomination committee was held. Attendance of individual members of nomination committee to the committee meeting in 2015 are as follows:

Director	Nomination committee meetings in 2015	The number of meetings that member of committee attended	Attendance (%)
Mr. Wang Guanghua	0	0	0
Mr. Xu Qiangsheng	1	1	100
Mr. Yang Dongsheng	1	1	100
Mr. Han Qinchun	1	1	100
Mr. Wang Jiheng	1	1	100
Ms. Du Liping	1	1	100

(4) Remuneration and Review Committee

The remuneration and review committee of the Board is a body specifically set up by the Board according to the resolutions of general meetings and shall mainly be responsible for formulating the review criteria of and conducting review for the Directors and senior management of the Company, as well as formulating and reviewing their remuneration packages and proposals. It is accountable to the Board. The committee would be provided with sufficient resources to discharge its duty.

In 2015, the remuneration and review committee comprises of five members, the majority of whom are independent non-executive Directors. The members are as follows:

Mr. Wang Jiheng *(Chairman)* (appointed on 3 June 2015)
Mr. Ji Wanxin (appointed on 3 June 2015)
Mr. Yang Dongsheng
Mr. Han Qinchun
Mr. Wang Guanghua (appointed on 30 March 2016)
Ms. Du Liping (resigned on 3 June 2015)
Mr. Xu Qiangsheng (resigned on 7 January 2016)

The main duties of the remuneration and review committee include: (a) formulating and making recommendation to the Board on policy and structure for remuneration packages or proposals according to the major areas, duties and importance of the management position of Directors and senior management and the remuneration for relevant positions of other relevant enterprises; (b) establishing criteria, procedures and major assessment system for performance assessment and major proposals and systems for awards and punishments; (c) reviewing the performance of duties and conducting annual performance assessment of the Company's Directors and senior management; (d) monitoring the implementation of the Company's remuneration system; and (e) undertaking other tasks as delegated by the Board.

Moreover, the remuneration and review committee has to review and approve the compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company.

Besides, the committee would review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate.

The remuneration and review committee will also ensure that none of the Directors or any of their associates is involved in deciding his own remuneration.

The remuneration committee makes available its terms of reference, explaining its role and the authority delegated to it by the Board, and copies of the terms of reference are kept at the registered office of the Company and has been published on the Company's website.

In 2015, one meeting of the remuneration and review committee was held. Attendance of individual members of remuneration and review committee to the committee meeting in 2015 are as follows:

Director	Remuneration and review committee meetings in 2015	The number of meetings that member of committee attended	Attendance (%)
Mr. Wang Jiheng	0	0	0
Mr. Ji Wanxin	0	0	0
Mr. Yang Dongsheng	1	1	100
Mr. Wang Guanghua	0	0	0
Ms. Du Liping	1	1	100
Mr. Xu Qiangsheng	1	1	100
Mr. Han Qinchun	1	1	100

The remuneration and review committee had considered the annual salary review as well as bonus plan of Directors and senior management of the Company for 2015.

Breakdown of the Directors' and the supervisors' remuneration for the year ended 31 December 2015 are set out in note 9 to the financial statements.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct for securities transactions by Directors. The Company has made specific enquiry to all Directors and supervisors, who have confirmed that they have complied with the Model Code in 2015.

The Board has established written guidelines for employees who are likely to possess unpublished inside information in respect of their dealings in the securities of the Company.

MANAGEMENT FUNCTIONS

The Board is responsible for formulating and executing the operation plans and management decisions of the Company as well as establishing the overall strategic direction. When the Board delegates its management functions to the management, clear directions will be given and management will report to the Board on regularly basis. The Board reserves most of the powers and delegates routine duties to management including bank loan arrangement. There would be a periodic review of the arrangement. Management must obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Group.

CHIEF FINANCIAL OFFICER

Chief financial officer of the Company is responsible for the preparation of the interim and annual financial statements in accordance with the Hong Kong Accounting Standards and to make sure that the results and financial position of the Company are disclosed in an accurate and fair manner. Chief financial officer of the Company shall also be responsible for contacting the auditors regularly. The duties of the chief financial officer also include reviewing the financial risk management of the Company and making suggestions to the Board. Moreover, chief financial officer shall be responsible for giving advice to the Board regarding the disclosure of notifiable transactions, connected transactions and inside information.

COMPANY SECRETARY

The company secretary shall be directly responsible to the Board. The company secretary is responsible for ensuring that the proceedings of the Board are complied with, making appropriate disclosures regarding the interests of securities of the Directors and giving advice to the Board regarding the disclosure of notifiable transactions, connected transactions and inside information. The company secretary acts as the principal channel of communication between the Company and the Stock Exchange. The company secretary also assists the Board in realizing and strengthening corporate governance practices in order to enhance the best interest of the Company and the shareholders.

During the year under review, the company secretary has taken not less than 15 hours of relevant professional training.

FINANCIAL REPORTING

Management provides financial information with explanation to the Board to assist the Board in assessing the financial position of the Company. Financial statements are the responsibilities of Directors. The Board has to present a balanced, clear and understandable assessment which extends to annual and interim reports, other price-sensitive announcements and other financial disclosures required under the Exchange Listing Rules, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.

The reporting responsibilities of KPMG, the international auditors, are stated in the Auditor's Report on pages 46 to 47 of the Annual Report.

There was no material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The Board has taken the same view as that of the audit committee in relation to the appointment of KPMG as international auditors of the Company.

AUDITORS' REMUNERATION

During the year, the fees charged for all audit services including review of interim financial statements amounted to approximately RMB4,830,000.

INTERNAL CONTROL

The Company has established various systems for internal management, so as to safeguard the assets and shareholders' interests of the Company and maintain a high standard of corporate governance for the management of the Company. To further strengthen its internal control, the Company conducts regular meetings with its auditors, lawyers and other professionals to obtain independent and professional advices for the improvement of the Company's internal management system.

During the year under review, the Board has conducted a review of the effectiveness of the internal control system of the Company.

INVESTOR RELATIONS AND COMMUNICATIONS WITH SHAREHOLDERS

The Company highly values its relationship with its investors and shareholders. It maintains amicable relationship with investors, fund managers and shareholders through one-on-one meetings, road shows, seminars and on-site inspection by investors, thereby allowing investors to have a better understanding of the Company's financial position, production operations, management decisions, overall strategic directions and latest development.

SHAREHOLDERS' RIGHTS

As one of the measures to safeguard the shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on every substantial matters, including the election of individual directors, for shareholders' consideration and voting. Furthermore, the Company regards the annual general meeting as an important event and Directors, chairman of each board committee, senior management and external auditors make an effort to attend the annual general meetings of the Company to address the shareholders' queries. All resolutions proposed at shareholders' meetings will be voted by poll. The poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.irasia.com/listco/hk/lingbao) on the same day of the relevant general meetings.

Procedures for shareholders to propose a general meeting

1. Two or more shareholders holding a total of ten percent (inclusive) or more of the shares carrying the right to vote at the meeting sought to be held may sign one or more written requests of identical form and substance requesting the Board to convene an extraordinary shareholder's general meeting or a meeting of shareholders of different series and stating the subject of the meeting. The Board shall convene the shareholder's general meeting or the meeting of shareholders of different series as soon as possible after having received the above-mentioned written request. The shareholding referred to above shall be calculated as of the day on which the written request is made; and

2. If the Board fails to issue a notice of such a meeting within 30 days after receipt of the written notice aforesaid, then the shareholders who made such request may themselves convene such meeting 4 months since after the Board's receipt of the request. The procedures to convene shall, to the extent possible, be identical to the procedures the Board convenes the general meetings.

When shareholders convene and hold a meeting because the Board failed to hold such meeting pursuant to a request as mentioned above, the reasonable expenses incurred by such shareholders shall be borne by the Company and shall be deducted from the sums owed by the Company to the negligent Directors.

Procedures for Shareholders to make Proposals at the General Meeting

When the Company is to hold an annual general meeting, shareholders who individually or jointly hold five percent (inclusive) and more of the total number of the Company's voting shares shall be entitled to propose motions in writing to the Company. The Company shall include in such meeting's agenda the matters which fall within the functions and powers of general meetings.

Procedures and Contact Details for Making Enquiries

1. Deliver their verbal enquiries to the Board members, chairman of Board committees or their delegates, appropriate management executives or auditors who attend the Company's annual general meeting; or

2. Make enquiries to the Company through the following means:

   By post: The secretary office of the Board, Hangu Road and Jingshan Road intersection, Lingbao, Henan Province, the PRC.

   By TEL: +86 398 8862218

   By fax: +86 398 8860166

REPORT OF THE SUPERVISORY COMMITTEE

1. MEETINGS OF THE SUPERVISORY COMMITTEE DURING THE REPORTING PERIOD

In 2015, three supervisory committee meetings were held by the supervisory committee.

2. INDEPENDENT WORK REPORT OF THE SUPERVISORY COMMITTEE

In 2015, aiming at protecting the interest of the Company and the shareholders, the supervisory committee seriously performed the duties in accordance with the Company Law of the PRC ("Company Law"), Securities Law, Listing Rules and other relevant rules and regulations and the Articles of Association of the Company, comprehensively monitored aspects such as the Company's capital operation, operating management, financial position and the fulfillment of obligations by senior management. After a serious review, members of the committee unanimously agreed to the following:

i. Legal Compliance of the Company's Operations

The supervisory committee conscientiously carried out various resolutions according to the relevant resolutions in general meetings, during which its decision-making procedures were in compliance with the relevant requirements of the Company Law, Listing Rules and the Articles and Association. It also set up rules and systems for internal control, project investment management approach, connected transactions, resources purchase and project tendering management. None of the officers, including directors and managers, were aware of any violations of the laws, regulations and articles of association or any act which would prejudice the Company's interests.

ii. Inspection of the Financial Status of the Company

In 2015, the supervisory committee reviewed the financial system and position of the Company and considered that the financial report for 2015 truly reflected its financial position and operating results. In 2015, KPMG Huazhen LLP, the local auditors, and KPMG, the international auditors, audited the Company's annual financial statements and issued unqualified auditor's reports, which have been reviewed by the supervisory committee without any adverse opinion.

iii. External Guarantees

The Company had no external guarantees as at 31 December 2015.

DIRECTORS' REPORT

The Directors hereby submitting their annual report together with the audited financial statements for the year ended 31 December 2015.

PRINCIPAL PLACE OF BUSINESS

Lingbao Gold Company Ltd. is a company incorporated and domiciled in the PRC and has its registered office at Hangu Road and Jingshan Road intersection, Lingbao, Henan Province, the PRC and its principal place of business in Hong Kong at Room 1902, 19th Floor, MassMutual Tower, 38 Gloucester Road, Wanchai, Hong Kong.

PRINCIPAL ACTIVITIES

The principal activities of the Group are the mining, processing, smelting and sales of gold and other metallic products in the PRC. Further details regarding the Group's principal activities are disclosed in note 36 to these financial statements.

BUSINESS REVIEW

A review of the Group's business during the year is provided in the Chairman's Statement on pages 7 to 14 and the Management Discussion & Analysis on pages 15 to 21 of this annual report. Description of the risks and uncertainties that the Group may face can be found in the Management Discussion & Analysis on pages 7 to 26 in this annual report. The financial risk management of the Group are also set out in the note 35 to the financial statements and the financial highlights of the Group are set out on page 4 to 5 in this annual report.

There is no important events affecting the Company that had occurred since the end of the Year and up to the date of this report.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

	Percentage of the Group's total	
	Sales	**Purchases**
The largest customer	78.3	
Five largest customers in aggregate	82.6	
The largest supplier		5.9
Five largest suppliers in aggregate		23.9

At no time during the year have the Directors, their associates or any shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

FINANCIAL STATEMENTS

The financial performance of the Group for the year ended 31 December 2015 and the financial position of the Group's affairs as at that date are set out in the financial statements on pages 48 to 131 of the Annual Report.

DIVIDEND

At the Board meeting held on 30 March 2016, the Directors do not recommend the payment of final dividend for the year ended 31 December 2015 (2014: Nil).

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in note 14 to the financial statements.

SHARE CAPITAL

As at the date of this report, there was a total of share capital of 770,249,091 shares of the Company which includes:

	Number of shares	Approximate percentage of total share capital
Domestic shares	472,975,091	61.41%
H Shares	297,274,000	38.59%
Total	770,249,091	100.00%

Details of the movements in share capital of the Company during the year are set out in note 33(b) to the financial statements.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

There was no purchase, sale or redemption of the Company's securities by the Company or any of its subsidiaries for the year ended 31 December 2015.

MANAGEMENT CONTRACTS

Other than the service contracts of the Directors, the Company has not entered into any contract with any individuals, firms or corporate entities to manage or regulate the whole or any substantial part of any business of the Company.

DIRECTORS AND SUPERVISORS

The Directors and supervisors of the Company for the year are as follows:

Directors

Executive Directors

Mr. Jin Guangcai, *Chairman*
Mr. Qiang Shanfeng
Mr. Ji Wanxin (appointed on 3 June 2015)
Mr. Xing Jiangze (appointed on 3 June 2015)
Mr. Zhang Guo
Mr. Zhou Yudao
Mr. He Chengqun (resigned on 3 June 2015)

Non-executive Directors

Mr. Shi Yuchen

Independent Non-executive Directors

Mr. Yang Dongsheng
Mr. Xu Qiangsheng
Mr. Han Qinchun
Mr. Wang Jiheng (appointed on 3 June 2015)
Mrs. Du Liping (resigned on 3 June 2015)

Supervisors

Mr. Wang Guodong
Mr. Yao Shun
Mr. Guo Xurang
Mr. Meng Shouji
Mr. Jiao Xiaoxiao

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Brief biographical details of Directors, supervisors and senior management of the Company are set out on pages 22 to 25 of the annual report.

HIGHEST PAID INDIVIDUALS

During the year, the relevant information of the five individuals with the highest remuneration in the Group is disclosed in note 10 to the financial statements.

The remuneration paid to members of senior management who are not Directors by bands for the year is set out below:

Remuneration band	Number of individual
Nil to RMB1,000,000	–
RMB1,000,001 to RMB2,000,000	1

REMUNERATION

The Company has a remuneration committee to formulate compensation policies and determine and manage the compensation of the Company's Directors and senior management with reference to their duties, responsibilities, performance and results of the Group.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of Directors and supervisors of the Board and the supervisory committee has a service contract with the Company until the expiry of the term of 5th Session of the Board on 3 June 2018.

Under these deeds, no remuneration is payable to the supervisors.

No Director or supervisor has a service contract with the Company, which is not determinable by the Company within one year without payment of compensation, other than statutory obligations.

CHANGE IN INFORMATION OF DIRECTORS

During the reporting period, Mr. Ji Wanxin and Mr. Xing Jiangze were appointed as an executive Directors; Mr. Wang Jiheng was appointed as an independent non-executive Director.

Mr. He Chengqun retired as an executive Director; Ms. Du Liping retired as an independent non-executive Director.

PERMITTED INDEMNITY PROVISION

The Company has arranged for an appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) when the Directors' report is approved in accordance with section 391(1)(a) of the Companies Ordinance.

DIRECTORS', SUPERVISORS AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES OF THE COMPANY

The Directors, supervisors and chief executive of the Company did not hold any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the Securities and Futures Ordinance ("SFO") as at 31 December 2015 that are required to be recorded in the register required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (ii) kept under section 352 of the SFO; or (iii) required to be notified to the Company and the Hong Kong Stock Exchange under the Model Code for Securities Transactions by Directors of listed issuers as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rule").

SUBSTANTIAL SHAREHOLDERS INTEREST IN SHARES

As at 31 December 2015, so far as was known to the Directors, the following person, other than the Directors, supervisors and chief executive of the Company, had an interest in the shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholders	Number of Domestic Shares	Capacity	Approximate percentage of the total issued domestic share capital	Approximate percentage of the total share capital
Lingbao State-owned Assets Operation Company Limited (靈寶市國有資產經營有限責任公司) ("Lingbao State-owned Assets") *(Note 1)*	296,840,620	Beneficial owner	62.76%	38.54%
Huibang Investment Development Company Limited	56,980,000	Beneficial owner	12.05%	7.40%
Shannan Wanlaixin Investment Limited Liability Company (山南萬來鑫投資有限責任公司)	37,698,784	Beneficial owner	7.97%	4.89%

Note:

1. In addition to its direct interest in 296,840,620 domestic shares, Lingbao State-owned Assets has an indirect interest in the Company through its equity interest of approximately 43.4% in Lingbao Gold Machinery Limited Liability Company (靈寶市黃金機械有限責任公司), which in turn holds approximately 21.1% equity interest in Lingbao Jinxiang Auto Parts Limited Liability Company (靈寶市金象汽車零部件有限責任公司) ("Lingbao Jinxiang Motors"). Lingbao Jinxiang Motors is a promoter of the Company, which held approximately 1.7% shareholding in the Company as at the date of this report.

Save as disclosed above, as at 31 December 2015, so far as the Directors are aware, there are no other persons, other than the Directors, supervisors and chief executive of the Company, who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

No contract of significance in relation to the Company's business to which the Company, its subsidiaries or its jointly controlled entities was a party and in which the Directors or the supervisors of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (excluding the Directors' and supervisors' service contracts).

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from disclosed under the paragraph headed "Directors, supervisors and chief executive's interest in shares" above, at no time during the year was the Company, its subsidiaries or its jointly controlled entity, a party to any arrangement to enable to the Directors, the supervisors and their respective spouses or children under 18 years of age of acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

During the year and up to the date of this report, none of the Directors has any interest in business, which competes or may compete with the business of the Group under the Listing Rules.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2015 are mainly set out in notes 29 and 30 to the financial statements.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to RMB3,564,000 (2014: RMB1,957,000).

PRE-EMPTIVE RIGHTS

There are no provisions regarding pre-emptive rights under the Articles of Association of the Company and related laws of Hong Kong and the PRC, which would oblige the Company to issue new shares on pro-rata basis to the existing shareholders of the Company.

POLICY ON INCOME TAX

The Company and its subsidiaries basically paid PRC corporate income tax at a rate of 25% of its assessable profits according to the relevant laws and regulations in the PRC. Details of the Group's income tax information are disclosed in note 8 to the financial statements.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 9 May 2016 to Tuesday, 7 June 2016, (both days inclusive), during which period no transfer of shares will be registered. In order for the shareholders to qualify for attending the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H shares registrar, Computershare Hong Kong Investor Services Limited at shop 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares) or the registered office address of the Company at Hangu Road and Jingshan Road intersection, Lingbao, Henan, the PRC (for holders of domestic shares), no later than 4:30 p.m. on Friday, 6 May 2016.

LITIGATION AND ARBITRATION

As at the date of this report, there was no material litigation and arbitration for the Group.

PUBLIC FLOAT

Based on the publicly available information and the best of knowledge of the Directors, the Company has maintained sufficient public float at the latest practicable date prior to the issue of this report.

COMPLIANCE OF CODE OF CONDUCT

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company did not meet the applicable code provision set out in the code on Corporate Government Practices for any period from 1 January 2015 to 31 December 2015.

FIVE YEARS SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 132 of the annual report.

CONFIRMATION OF INDEPENDENCE

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

AUDITORS

KPMG retire and, being eligible, offer themselves for reappointment. A resolution for the reappointment of KPMG as auditors of the Company is to be proposed at the forthcoming annual general meeting.

By order of the Board

Jin Guangcai
Chairman

Lingbao, Henan, the PRC
30 March 2016

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the shareholders of
Lingbao Gold Company Ltd.
(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Lingbao Gold Company Ltd. ("the Company") and its subsidiaries (together "the Group") set out on pages 48 to 131, which comprise the consolidated statements of financial position as at 31 December 2015, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITIES 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. This report is made solely to you, as a body, 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 judgement, 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 the 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.

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 the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

30 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015 (Expressed in Renminbi Yuan)

	Note	2015 RMB'000	2014 RMB'000
Revenue	3	**5,756,594**	6,496,351
Cost of sales		**(5,308,062)**	(5,921,897)
Gross profit		**448,532**	574,454
Other revenue	4	**42,633**	34,067
Other net (loss)/income	5	**(140,877)**	49,875
Selling and distribution expenses		**(29,460)**	(32,938)
Administrative expenses and other operating expenses		**(430,387)**	(327,022)
(Loss)/profit from operations		**(109,559)**	298,436
Finance costs	*7(a)*	**(245,358)**	(241,736)
(Loss)/profit before taxation	*7*	**(354,917)**	56,700
Income tax	*8(a)*	**(147,637)**	(39,442)
(Loss)/profit for the year		**(502,554)**	17,258
Attributable to:			
Equity shareholders of the Company		**(462,162)**	33,687
Non-controlling interests		**(40,392)**	(16,429)
(Loss)/profit for the year		**(502,554)**	17,258
Basic and diluted (loss)/earnings per share (cents)	*13*	**(60)**	4

The notes on pages 55 to 131 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015 (Expressed in Renminbi Yuan)

	Note	2015 RMB'000	2014 RMB'000
(Loss)/profit for the year		**(502,554)**	17,258
Other comprehensive income for the year (after tax and reclassification adjustments)	*12*		
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		**(18,481)**	(1,045)
Total comprehensive income for the year		**(521,035)**	16,213
Attributable to:			
Equity shareholders of the Company		**(476,859)**	32,813
Non-controlling interests		**(44,176)**	(16,600)
Total comprehensive income for the year		**(521,035)**	16,213

The notes on pages 55 to 131 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015 (Expressed in Renminbi Yuan)

	Note	2015 RMB'000	2014 RMB'000 (Note 40)
Non-current assets			
Property, plant and equipment	14	2,027,813	2,061,962
Construction in progress	15	395,112	450,317
Intangible assets	16	731,923	730,644
Goodwill	17	7,302	7,302
Lease prepayments	18	169,038	174,229
Other financial assets	20	19,714	19,714
Non-current prepayments	22	177,336	20,703
Deferred tax assets	23(b)	161,171	290,044
		3,689,409	3,754,915
Current assets			
Inventories	24(a)	1,496,622	1,641,201
Trade and other receivables, deposits and prepayments	25	1,064,921	1,178,550
Assets classified as held for sale	26	7,539	9,339
Current tax recoverable	23(a)	9,296	6,798
Pledged deposits	27	122,828	176,508
Cash and cash equivalents	28	1,117,524	372,312
		3,818,730	3,384,708
Current liabilities			
Bank loans	29	3,771,699	2,108,826
Debenture payable	30	700,000	–
Other loan		1,486	1,784
Trade and other payables	31	1,060,415	1,128,430
Loan from ultimate holding company	32	23,800	23,800
Current tax payable	23(a)	1,514	5,633
		5,558,914	3,268,473
Net current (liabilities)/assets		(1,740,184)	116,235
Total assets less current liabilities		1,949,225	3,871,150

	Note	2015 RMB'000	2014 RMB'000 (Note 40)
Non-current liabilities			
Debenture payable	30	–	700,000
Bank loans	29	658,796	1,380,309
Other payables	31	115,450	95,240
Deferred tax liabilities	23(b)	2,499	2,086
		776,745	2,177,635
NET ASSETS		1,172,480	1,693,515
CAPITAL AND RESERVES	33		
Share capital		154,050	154,050
Reserves		1,065,398	1,542,257
Total equity attributable to equity shareholders of the Company		1,219,448	1,696,307
Non-controlling interests		(46,968)	(2,792)
TOTAL EQUITY		1,172,480	1,693,515

Approved and authorised for issue by the board of directors on 30 March 2016.

Jin Guangcai
Executive director and chairman

Qiang Shanfeng
Executive director

The notes on pages 55 to 131 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015 (Expressed in Renminbi Yuan)

	Attributable to equity shareholders of the Company								
	Share capital RMB'000 *(note 33(b))*	Share premium RMB'000 *(note 33(a)(i))*	PRC statutory reserves RMB'000 *(note 33(a)(ii))*	Exchange reserve RMB'000 *(note 33(a)(iii))*	Other reserve RMB'000 *(note 33(a)(iv))*	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2014	154,050	827,931	160,878	8,356	(858)	513,137	1,663,494	12,709	1,676,203
Changes in equity for 2014:									
Total comprehensive income for the year	–	–	–	(605)	–	33,418	32,813	(16,600)	16,213
Disposal of a subsidiary	–	–	–	(269)	–	269	–	1,099	1,099
Appropriation of safety production fund *(note 33(d))*	–	–	33,095	–	–	(33,095)	–	–	–
Utilisation of safety production fund *(note 33(d))*	–	–	(33,095)	–	–	33,095	–	–	–
Balance at 31 December 2014	154,050	827,931	160,878	7,482	(858)	546,824	1,696,307	(2,792)	1,693,515
Balance at 1 January 2015	154,050	827,931	160,878	7,482	(858)	546,824	1,696,307	(2,792)	1,693,515
Changes in equity for 2015:									
Total comprehensive income for the year	–	–	–	(14,697)	–	(462,162)	(476,859)	(44,176)	(521,035)
Appropriation of safety production fund *(note 33(d))*	–	–	33,161	–	–	(33,161)	–	–	–
Utilisation of safety production fund *(note 33(d))*	–	–	(33,161)	–	–	33,161	–	–	–
Balance at 31 December 2015	154,050	827,931	160,878	(7,215)	(858)	84,662	1,219,448	(46,968)	1,172,480

The notes on pages 55 to 131 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2015 (Expressed in Renminbi Yuan)

	Note	2015 RMB'000	2014 RMB'000
Operating activities			
(Loss)/profit before taxation		(354,917)	56,700
Adjustments for:			
– Interest income	4	(7,610)	(6,595)
– Net realised and unrealised gain on financial instruments at fair value	5	(11,350)	(8,794)
– Net gain on disposal of a subsidiary	5	–	(50,263)
– Net (gain)/loss on disposal of property, plant and equipment	5	(6,588)	642
– Depreciation	7(b)	209,752	215,571
– Finance costs	7(a)	245,358	241,736
– Provision/(reversal)of impairment losses on:			
– trade and other receivables	7(b)	38,153	6,989
– purchase deposits	7(b)	69,699	(8,609)
– property, plant and equipment	7(b)	126,294	–
– construction in progress	7(b)	28,598	–
– intangible assets	7(b)	18,202	6,044
– Amortisation of lease prepayments	7(b)	5,390	5,484
– Amortisation of intangible assets	7(b)	5,914	3,332
– Write down of inventories	24(b)	7,904	3,721
– Foreign exchange differences		(10,449)	(678)
Operating profit before changes in working capital		364,350	465,280
Decrease/(increase) in inventories		141,952	(194,619)
Increase in pledged deposits		(1,502)	(47,249)
Increase in trade and other receivables, deposits and prepayments		(136,428)	(42,298)
(Decrease)/increase in trade and other payables		(135,123)	14,682
Cash generated from operations		233,249	195,796
PRC income tax paid	23(a)	(24,968)	(16,615)
Net cash generated from operating activities		208,281	179,181

	Note	2015 RMB'000	2014 RMB'000
Investing activities			
Interest received		7,610	6,595
Payment for from settlement of financial instruments		(3,597)	(13,422)
Payment for purchase of property, plant and equipment		(29,281)	(34,282)
Proceeds from disposal of property, plant and equipment		14,008	3,436
Payment for construction in progress		(162,662)	(254,409)
Payment for purchase of intangible assets		(12,389)	(28,353)
Payment for purchase of lease prepayments		–	(1,208)
Proceeds from disposal of subsidiaries		–	52,787
Net cash used in investing activities		(186,311)	(268,856)
Financing activities			
Proceeds from new bank loans		3,413,860	2,226,320
Repayment of bank loans		(2,510,350)	(1,829,317)
Interest paid		(252,882)	(238,209)
Other borrowing costs paid		–	(1,969)
Pledged deposit received/(paid) for borrowings		63,400	(54,410)
Dividend paid to equity shareholders of the Company		–	(7,962)
Net cash generated from financing activities		714,028	94,453
Net increase in cash and cash equivalents		735,998	4,778
Cash and cash equivalents at 1 January	28	372,312	367,202
Effect of foreign exchange rate changes		9,214	332
Cash and cash equivalents at 31 December	28	1,117,524	372,312

The notes on pages 55 to 131 form part of these financial statements.

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Company and its subsidiaries (collectively referred to as the "Group") is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2015 comprise the Company and its subsidiaries.

As at 31 December 2015, the Group's current liabilities exceeded its current assets by RMB1,740,184,000. In view of these circumstances, the directors of the Company have given consideration to the future liquidity of the Group and its available sources of finance including banking facilities in assessing whether the Group will have sufficient financial resources to continue as a going concern. As at 31 December 2015, taking into account the Group's cash flow projection, including the Group's unutilised banking facilities, ability to renew or refinance the banking facilities upon maturity and the Group's future capital expenditure in respect of its non-cancellable capital commitments, the directors of the Company consider that it has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly, the financial statements have been prepared on a going concern basis.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that derivative financial instruments are stated at fair value (see note 1(f)). Non-current assets classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell (see note 1(y)).

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements (continued)

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 38.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Subsidiaries and non-controlling interests (continued)

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with note 1(o).

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(e)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(j)(ii)).

(d) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(j)(ii)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Other investments

The Group's and the Company's policies for investments in equity securities other than investments in subsidiaries are as follows:

Investments in equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in note 1(u)(ii) and (iii).

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 1(j)). Dividend income from equity securities is recognised in profit or loss in accordance with the policies set out in notes 1(u)(ii).

When the investments are derecognised or impaired (see note 1(j)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(g) Property, plant and equipment and construction in progress

(i) Property, plant and equipment

Property, plant and equipment are initially stated in the statements of financial position at cost less accumulated depreciation and impairment losses (see note 1(j)(ii)). The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(w)).

When proved and probable gold reserves have been determined, costs incurred to develop gold mines are capitalised as part of the cost of mining structures. All other expenditures, including the cost of repairs and maintenance and major overhaul, are expensed as they are incurred. Mining exploration costs, such as expenditures related to locating gold deposits and determining the economic feasibility and the costs of removing waste materials or “stripping costs” are expensed as incurred.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment other than mining shafts, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Buildings	2–35 years
Machinery	4–30 years
Transportation equipment	4–8 years
Office and electronic equipment	4–12 years

Included in property, plant and equipment are mining shafts located at the mining sites. Depreciation is provided to write off the cost of mining shafts using the units of production method based on the proved and probable mineral reserves.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property, plant and equipment and construction in progress (continued)

(i) Property, plant and equipment (continued)

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(ii) Construction in progress

Construction in progress represents buildings, various infrastructure projects under construction and equipment pending installation, and is recognised in the statement of financial position at cost less impairment losses (see note 1(j)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(w)). Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use, notwithstanding any delays in the issue of the relevant commissioning certificate by the relevant authorities in the People's Republic of China (the "PRC").

No depreciation is provided in respect of the construction in progress.

(h) Intangible assets (other than goodwill)

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete the development. The expenditure capitalised includes the costs of materials, direct labour and an appropriate proportion of overheads and borrowing costs, where applicable (see note 1(w)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 1(j)(ii)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out below.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Intangible assets (other than goodwill) (continued)

(i) Mining rights

Mining rights are stated at cost less accumulated amortisation and impairment losses (see note 1(j)(ii)). The mining rights are amortised to profit or loss using the units of production method based on the proved and probable mineral reserves.

The Group's mining rights are of sufficient duration (or convey a legal right to renew for sufficient duration) to enable all reserves to be mined in accordance with current production schedules.

(ii) Exploration rights

Exploration rights are stated at cost less accumulated amortisation and impairment losses (see note 1(j)(ii)). The exploration rights are amortised to exploration and evaluation assets (see note 1(h)(iii)) on a straight-line basis over the estimated useful lives of one to three years.

(iii) Exploration and evaluation assets and mining development assets

Exploration and evaluation assets are stated at cost less impairment losses (see note 1(j)(ii)). Exploration and evaluation assets include exploration and development costs.

When it can be reasonably ascertained that a mining structure is capable of commercial production, exploration and development costs capitalised are transferred to mining development assets and amortised to profit or loss using the units of production method based on the proved and probable mineral reserves. If any project is abandoned during the exploration and evaluation stage, the related exploration and evaluation assets are written off to profit or loss.

(i) Lease prepayments

Lease prepayments represent cost of land use rights paid to the PRC governmental authorities for acquiring land held under operating leases. Land use rights are carried at cost less accumulated amortisation and impairment losses (see note 1(j)(ii)). Amortisation is charged to the profit or loss on a straight-line basis over the respective periods of the rights.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets

(i) Impairment of investments in equity securities and trade and other receivables

Investments in equity securities (other than investments in subsidiaries: see note 1(j)(ii)) and other current and non-current receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

– For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets (continued)

(i) Impairment of investments in equity securities and trade and other receivables (continued)

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivables included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;

– construction in progress;

– intangible assets;

– lease prepayments;

– goodwill; and

– investments in subsidiaries in the Company's statement of financial position.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit ("CGU")).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal, or value in use (if determinable).

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets (continued)

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(j)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(k) Operating lease charges

Leases of assets under which do not transfer substantially all the risks and rewards of ownership of the Group are classified as operating leases.

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(l) Inventories

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

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 1(j)(i)) except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(n) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(o) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(p) Derecognition of non-derivative financial assets and financial liabilities

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(r) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(s) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to business combinations, or items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Income tax (continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group or the Company has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group or the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(u) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sales of goods

Revenue is recognised when the title to the goods and the related risks and rewards of ownership are passed to customers, the Group will not execute the right of supervision and control over the goods, either the proceeds are received or entitlement of proceeds is evidenced, and the cost of sale of goods can be estimated reliably. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(w) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(x) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Translation of foreign currencies (continued)

The results of foreign operations are translated into Renminbi at the exchange rate approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Renminbi at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised directly in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(y) Non-current assets held for sale

A non-current asset is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset is available for sale in its present condition.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets and financial assets (other than investments in subsidiaries, associates and joint ventures). These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 1.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, the non-current asset is not depreciated or amortised.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(aa) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKAS 19, Employee benefits: Defined benefit plans: Employee contributions
- Annual Improvements to HKFRSs 2010-2012 Cycle
- Annual Improvements to HKFRSs 2011-2013 Cycle

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Amendments to HKAS 19, *Employee benefits: Defined benefit plans: Employee contributions*

The amendments introduce a relief to reduce the complexity of accounting for certain contributions from employees or third parties under defined benefit plans. When the contributions are eligible for the practical expedient provided by the amendments, a company is allowed to recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, instead of including them in calculating the defined benefit obligation. The amendments do not have an impact on these financial statements as the Group operates no defined benefit plan.

Annual Improvements to *HKFRSs 2010-2012 Cycle and 2011-2013 Cycle*

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, HKAS 24, Related party disclosures has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

3 REVENUE

The principal activities of the Group are mining, processing, smelting and sales of gold and other metallic products in the PRC.

Revenue represents the sales value of goods sold to customers, net of sales tax and value added tax. The amount of each significant category of revenue is as follows:

	2015 RMB'000	2014 RMB'000
Sales of:		
– Gold	**4,523,816**	4,855,253
– Other metals	**1,208,283**	1,632,888
– Others	**33,699**	18,488
Less: Sales taxes and levies	**(9,204)**	(10,278)
	5,756,594	6,496,351

The Group has only one customer with whom transactions have exceeded 10% of the Group's revenues (2014: one). In 2015, revenues from sales of gold products to this customer amounted to approximately RMB4,523,816,000 (2014: RMB4,855,253,000) arose in the Henan Province, the PRC. Details of concentrations of credit risk arising from this customer are set out in note 35(a).

Further details regarding the Group's principal activities are disclosed in note 36 to these financial statements.

4 OTHER REVENUE

	2015 RMB'000	2014 RMB'000
Total interest income on financial assets not at fair value through profit or loss	**7,610**	6,595
Government grants	**26,197**	14,117
Scrap sales	**7,292**	11,438
Sundry income	**1,534**	1,917
	42,633	34,067

5 OTHER NET (LOSS)/INCOME

	2015 RMB'000	2014 RMB'000
Net realised and unrealised gain on financial instruments at fair value	11,350	8,794
Net gain/(loss) on disposal of property, plant and equipment	6,588	(642)
Net foreign exchange gain/(losses)	13,057	(2,273)
Impairment losses of:		
– property, plant and equipment *(note 14)*	(126,294)	–
– construction in progress *(note 15)*	(28,598)	–
– intangible assets *(note 16)*	(18,202)	(6,044)
Net gain on disposal of a subsidiary	–	50,263
Others	1,222	(223)
	(140,877)	49,875

6 STAFF COSTS

	2015 RMB'000	2014 RMB'000
Salaries, wages and other benefits	271,096	298,747
Contributions to defined contribution retirement plan	23,504	23,382
	294,600	322,129
Less: Staff costs capitalised into construction in progress	(15,120)	(11,164)
	279,480	310,965

6 STAFF COSTS (continued)

Pursuant to the relevant labour rules and regulations in the PRC, the Group participates in defined contribution retirement benefit schemes (the "Schemes") organised by the relevant local government authorities whereby the Group is required to make contributions to the Schemes at the rate of 20% (2014: 20%) of the eligible employees' salaries. The local government authorities are responsible for the entire pension obligations payable to retired employees in the PRC.

The Group also participates in a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% (2014: 5%) of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000 (2014: HK$30,000). Contributions to the plan vest immediately.

The Group has no other material obligation for the payment of pension benefits associated with those schemes beyond the annual contributions described above.

7 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging/(crediting):

		2015 RMB'000	2014 RMB'000
(a)	**Finance costs:**		
	Interest expenses on bank loans	207,397	201,065
	Interest expenses on debentures	35,486	41,350
	Other borrowing costs	4,677	1,969
	Total interest expenses on financial liabilities not at fair value through profit or loss	247,560	244,384
	Less: interest expenses capitalised into construction in progress*	(2,202)	(2,648)
		245,358	241,736

* The borrowing costs have been capitalised at a rate of 1.81%–4.95% per annum (2014: 5.60%–6.28%).

7 (LOSS)/PROFIT BEFORE TAXATION (continued)

(Loss)/profit before taxation is arrived at after charging/(crediting): (continued)

	2015 RMB'000	2014 RMB'000
(b) Other items:		
Amortisation of lease prepayments *(note 18)*	**5,390**	5,484
Amortisation of intangible assets# *(note 16)*	**5,914**	5,617
Less: Amortisation capitalised into exploration and evaluation assets	**–**	(2,285)
	5,914	3,332
Depreciation# *(note 14)*	**210,537**	216,962
Less: Depreciation capitalised into construction in progress	**(785)**	(1,391)
	209,752	215,571
Provision/(reversal) of impairment losses on:		
– trade and other receivables *(note 25(c))*	**38,153**	6,989
– purchase deposits *(note 25(d))*	**69,699**	(8,609)
– property, plant and equipment *(note 14)*	**126,294**	–
– construction in progress *(note 15)*	**28,598**	–
– intangible assets *(note 16)*	**18,202**	6,044
Operating lease charges in respect of properties	**3,543**	3,368
Auditors' remuneration-audit services	**4,830**	5,045
Research and development expenses	**37,495**	36,811
Pollution discharge fee *(note 34(c))*	**2,033**	1,726
Environmental rehabilitation fee *(note 34(c))*	**17,257**	18,939
Cost of inventories# *(note 24(b))*	**5,308,062**	5,921,897

\# Cost of inventories includes RMB299,943,000 (2014: RMB339,176,000) relating to staff costs, depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately in note 6 and above for each of these types of expenses.

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2015 RMB'000	2014 RMB'000
Current tax – PRC income tax		
Provision for the year	18,351	23,973
Deferred tax		
Origination and reversal of temporary differences	(11,841)	7,969
Reversal of deferred tax assets recognised in previous years	141,127	7,500
	129,286	15,469
	147,637	39,442

(b) Reconciliation between tax expense and accounting (loss)/profit at applicable tax rates:

	Notes	2015 HK$'000	2014 HK$'000
(Loss)/profit before taxation		(354,917)	56,700
Notional tax on profit before taxation, calculated at the rates applicable to the jurisdictions concerned		(56,982)	31,806
Effect of tax concessions	*i*	(3,578)	(4,299)
Additional deduction for qualified research and development expenses	*i*	(3,770)	(2,915)
Effect of non-deductible expenses		5,133	5,891
Reversal of deferred tax assets recognised in previous years	*iv*	141,127	7,500
Tax losses and temporary differences not recognised	*iv*	65,734	8,062
Utilisation of temporary differences not recognised in previous years		–	(4,783)
Others		(27)	(1,820)
Actual tax expense		147,637	39,442

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

(b) Reconciliation between tax expense and accounting (loss)/profit at applicable tax rates: (continued)

Notes:

(i) Under the Corporate Income Tax Law of the PRC (the "CIT Law"), which was passed by the Fifth Plenary Session of the Tenth National People's Congress, effective from 1 January 2008, the Company and its PRC subsidiaries are subject to income tax at the statutory rate of 25%, unless otherwise specified.

One of the subsidiaries, Lingbao Wason Copper-Foil Company Limited ("Wason Copper-Foil") was accredited as a "High and New Technology Enterprise" ("HNTE") in 2009 and was entitled to a preferential income tax rate of 15% for a period of three years from 2009 to 2011. Wason Copper-Foil renewed its HNTE qualification in 2012 and 2015, and therefore has been entitled to the preferential tax rate of 15% since 2009.

Under the CIT Law and its relevant regulation, qualified research and development expenses are subject to income tax deduction at 150% on the amount actually incurred.

(ii) Hong Kong profits tax rate for 2015 is 16.5% (2014: 16.5%). No provision for Hong Kong profits tax is made as the subsidiary located in Hong Kong did not earn any income which is subject to Hong Kong profits tax.

(iii) Kyrgyzstan corporate income tax rate ("KR CIT") in 2015 is 0% (2014: 0%).

On 9 August 2012, the Parliament of Kyrgyz Republic passed the law on amendments and additions to the Tax Code of the Kyrgyz Republic ("Amended Tax Code") which became effective from 1 January 2013. In accordance with the Amended Tax Code, starting from 1 January 2013 the KR CIT rate for gold mining companies is set at 0% and a revenue-based tax is introduced.

(iv) After reviewing the deferred tax assets in respect of the unused tax losses of the Company, the directors considered it no longer probable that sufficient future taxable profits will be available against which the unused tax losses can be utilised before their expiry dates, therefore, the Group reversed deferred tax assets of RMB141,127,000 during the year ended 31 December 2015 (2014: reversal of RMB7,500,000).

Considering the uncertainty of the future available taxable profits against which certain tax benefits can be utilised in the relevant tax jurisdiction and entity, the Group has not recognised deferred tax assets in respect of unused tax losses and temporary differences of RMB167,937,000 and RMB95,607,000, respectively, during the year ended 31 December 2015 (2014: unused tax losses of RMB32,768,000 not recognised). As a result, deferred tax assets of RMB65,734,000 (2014: RMB8,062,000) have not been recognised.

9 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Year ended 31 December 2015

	Fees RMB'000	Basic salaries, allowances and other benefits RMB'000	Contributions to retirement benefit schemes RMB'000	Bonus RMB'000	Total RMB'000
Executive directors					
Mr Jin Guangcai	–	240	26	–	266
Mr Qiang Shanfeng	–	216	–	–	216
Mr Zhang Guo	–	151	18	–	169
Mr He Chengqun (resigned in June 2015)	–	63	8	–	71
Mr Zhou Yudao	–	151	28	–	179
Mr Ji Wanxin (appointed in June 2015)	–	88	11	–	99
Mr Xing Jiangze (appointed in June 2015)	–	88	11	–	99
Non-executive director					
Mr Shi Yuchen	58	–	–	–	58
Independent non-executive directors					
Ms Du Liping (resigned in June 2015)	42	–	–	–	42
Mr Xu Qiangsheng (resigned in January 2016)	100	–	–	–	100
Mr Han Qinchun	120	–	–	–	120
Mr Yang Dongsheng	100	–	–	–	100
Mr Wang Jiheng (appointed in June 2015)	58	–	–	–	58
Supervisors					
Mr Wang Guodong	–	151	18	–	169
Mr Guo Xurang	–	–	–	–	–
Mr Yao Shun	–	–	–	–	–
Mr Meng Shouji	–	–	–	–	–
Mr Jiao Xiaoxiao	–	62	11	–	73
Total	478	1,210	131	–	1,819

9 DIRECTORS' EMOLUMENTS (continued)

Year ended 31 December 2014

	Fees RMB'000	Basic salaries, allowances and other benefits RMB'000	Contributions to retirement benefit schemes RMB'000	Bonus RMB'000	Total RMB'000
Executive directors					
Mr Jin Guangcai	–	240	25	124	389
Mr Qiang Shanfeng (appointed in June 2014)	–	126	–	65	191
Mr Zhang Guo	–	151	17	78	246
Mr He Chengqun (resigned in June 2015)	–	151	17	78	246
Mr Zhou Yudao (appointed in June 2014)	–	88	14	46	148
Non-executive director					
Mr Shi Yuchen (appointed in June 2014)	–	–	–	–	–
Independent non-executive directors					
Ms Du Liping	100	–	–	–	100
Mr Xu Qiangsheng (resigned in January 2016)	100	–	–	–	100
Mr Han Qinchun	120	–	–	–	120
Mr Yang Dongsheng (appointed in January 2014)	92	–	–	–	92
Supervisors					
Mr Liu Shengmin (resigned in April 2014)	–	29	6	–	35
Mr Wang Guodong (appointed in April 2014)	–	101	11	46	158
Mr Guo Xurang (appointed in June 2014)	–	–	–	–	–
Mr Yao Shun	–	–	–	–	–
Mr Meng Shouji (appointed in June 2014)	–	–	–	–	–
Mr Jiao Xiaoxiao	–	62	11	38	111
Total	412	948	101	475	1,936

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, four (2014: three) are directors and supervisors of the Company whose emoluments are disclosed in note 9. The emolument in respect of the other individual (2014: two) is as follows:

	2015 **RMB'000**	2014 RMB'000
Salaries and wages	**960**	1,111
Contributions to retirement benefit scheme	**29**	46
Bonus	**80**	158
	1,069	1,315

The emolument of the above individual (2014: two) is within the following bands:

	2015 **Number of individuals**	2014 Number of individuals
Nil–RMB1,000,000	**–**	1
RMB1,000,001–RMB2,000,000	**1**	1

11 DIVIDENDS

No dividend attributable to the year was declared in 2015 or proposed after the end of the reporting period (2014: Nil). No dividend attributable to previous year was approved or paid in 2015 (2014: Nil).

12 OTHER COMPREHENSIVE INCOME

The component of other comprehensive income does not have any significant tax effect for each of the year ended 31 December 2015 and 2014.

13 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity shareholders of the Company of RMB462,162,000 (2014: profit of RMB33,687,000) and 770,249,091 ordinary shares (2014: 770,249,091 shares) in issue during the year ended 31 December 2015.

(b) Diluted (loss)/earnings per share

The diluted (loss)/earnings per share for the current and the prior year is the same as the basic (loss)/earnings per share as there are no dilutive ordinary shares during the years.

14 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Mining shafts RMB'000	Machinery RMB'000	Transportation equipment RMB'000	Office and electronic equipment RMB'000	Total RMB'000
Cost:						
At 1 January 2014	990,785	868,118	1,282,615	81,059	122,907	3,345,484
Exchange adjustments	739	708	306	98	2	1,853
Additions	4,327	8,460	17,699	2,889	3,148	36,523
Transfer from construction in progress *(note 15)*	50,974	26,933	72,616	–	–	150,523
Disposals	–	–	(11,743)	(4,075)	(3,102)	(18,920)
Disposal of a subsidiary	–	–	–	(214)	(73)	(287)
At 31 December 2014	1,046,825	904,219	1,361,493	79,757	122,882	3,515,176
Accumulated depreciation:						
At 1 January 2014	209,846	405,710	512,056	49,335	74,927	1,251,874
Exchange adjustments	167	70	116	56	–	409
Charge for the year	52,832	39,408	108,525	8,160	8,037	216,962
Written back on disposals	–	–	(10,631)	(3,069)	(2,141)	(15,841)
Disposal of a subsidiary	–	–	–	(140)	(50)	(190)
At 31 December 2014	262,845	445,188	610,066	54,342	80,773	1,453,214
Net book value:						
At 31 December 2014	783,980	459,031	751,427	25,415	42,109	2,061,962

14 PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings RMB'000	Mining shafts RMB'000	Machinery RMB'000	Transportation equipment RMB'000	Office and electronic equipment RMB'000	Total RMB'000
Cost:						
At 1 January 2015	1,046,825	904,219	1,361,493	79,757	122,882	3,515,176
Exchange adjustments	13,005	12,253	5,230	1,637	32	32,157
Additions	2,375	327	23,838	2,418	1,635	30,593
Transfer from construction in progress *(note 15)*	43,564	172,704	41,513	187	163	258,131
Disposals	(7,388)	–	(15,622)	(3,551)	–	(26,561)
At 31 December 2015	1,098,381	1,089,503	1,416,452	80,448	124,712	3,809,496
Accumulated depreciation:						
At 1 January 2015	262,845	445,188	610,066	54,342	80,773	1,453,214
Exchange adjustments	4,112	2,944	2,635	1,083	5	10,779
Charge for the year	56,049	27,039	108,041	6,732	12,676	210,537
Impairment losses *(note (a))*	–	126,294	–	–	–	126,294
Written back on disposals	(4,233)	–	(12,001)	(2,907)	–	(19,141)
At 31 December 2015	318,773	601,465	708,741	59,250	93,454	1,781,683
Net book value:						
At 31 December 2015	779,608	488,038	707,711	21,198	31,258	2,027,813

Note:

(a) Impairment losses

Impairment loss of RMB76,575,000 was recognised in respect of a cash-generating unit ("CGU"), Lingbao Hongxin Mining Company Limited ("Hongxin"), which is under the mining – PRC reportable segment, during the year ended 31 December 2015. As the increasing production costs of Hongxin caused by deteriorating mining conditions in its area are not expected to be covered by the anticipated selling price of the gold concentrates produced, the Group identified an impairment indicator of its property, plant and equipment, and performed an impairment assessment of the related assets based on their estimated recoverable amounts.

Impairment loss of RMB67,921,000 was recognised in respect of a CGU, Full Gold Mining Limited Liability Company ("Full Gold"), which is under the mining – KR reportable segment, for the year ended 31 December 2015. Owing to the increasing uncertainty in the operational environment of Full Gold, the Group identified an impairment indicator of its property, plant and equipment, and performed an impairment assessment of the related assets based on their estimated recoverable amounts.

14 PROPERTY, PLANT AND EQUIPMENT (continued)

Note: (continued)

(a) Impairment losses (continued)

The recoverable amounts of both CGUs are estimated using the present value of future cash flows based on the financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using several key assumptions, including the expected gross margin, weighted average growth rates, useful life of the assets and pre-tax discount rate. The forecasted gross margin is based on past business performance and market participants' expectations for market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used is pre-tax of 12%-18% and reflects specific risks relating to the mining segment and country.

As a result of these assessments, an impairment loss of RMB126,294,000 in respect of property, plant and equipment and an impairment loss of RMB18,202,000 in respect of intangible assets were recognised in "other net (loss)/income" during the year ended 31 December 2015.

15 CONSTRUCTION IN PROGRESS

	2015	2014
	RMB'000	RMB'000
Cost:		
At 1 January	**450,317**	352,373
Exchange adjustments	**3,642**	137
Additions	**227,882**	248,330
Transfer to property, plant and equipment *(note 14)*	**(258,131)**	(150,523)
Impairment losses *(note (a))*	**(28,598)**	–
At 31 December	**395,112**	450,317

Notes:

(a) Impairment loss of RMB28,598,000 was recognised on the construction project of Lingbao Gold Yili Metallurgical Company Limited ("Yili"), which is under the mining – PRC reportable segment, during the year ended 31 December 2015. The construction project has been suspended. Therefore, the Group identified an impairment indicator and performed an impairment assessment of the related assets, including the construction in progress and the leasehold land owned by Yili, based on their estimated recoverable amounts in accordance with the accounting policy described in the note 1(j)(ii). As a result of the assessment, an impairment loss of RMB28,598,000 in respect of the related assets was recognised in "other net (loss)/income" during the year ended 31 December 2015.

16 INTANGIBLE ASSETS

	Shanghai Gold Exchange trading rights	Exploration and evaluation assets *(note (a))*	Mining development assets *(note (c))*	Mining rights *(note (c))*	Exploration rights *(note (d))*	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:						
At 1 January 2014	820	558,065	84,593	266,476	221,781	1,131,735
Exchange adjustments	–	379	313	410	51	1,153
Additions	–	25,080	–	5,651	–	30,731
Disposal of a subsidiary	–	(17,030)	–	–	(5,738)	(22,768)
Transfer to non-current assets held for sale *(note (b))*	–	(7,844)	–	–	–	(7,844)
At 31 December 2014	820	558,650	84,906	272,537	216,094	1,133,007
Accumulated amortisation:						
At 1 January 2014	–	16,112	11,637	155,149	219,506	402,404
Charge for the year	–	–	29	3,303	2,285	5,617
Disposal of a subsidiary	–	–	–	–	(5,738)	(5,738)
Exchange adjustments	–	–	1	38	41	80
Impairment loss *(note (b))*	–	6,044	–	–	–	6,044
Transfer to non-current assets held for sale *(note (b))*	–	(6,044)	–	–	–	(6,044)
At 31 December 2014	–	16,112	11,667	158,490	216,094	402,363
Net book value:						
At 31 December 2014	820	542,538	73,239	114,047	–	730,644
Cost:						
At 1 January 2015	820	558,650	84,906	272,537	216,094	1,133,007
Exchange adjustments	–	1,607	2,970	6,822	–	11,399
Additions	–	15,383	–	–	–	15,383
At 31 December 2015	820	575,640	87,876	279,359	216,094	1,159,789
Accumulated amortisation:						
At 1 January 2015	–	16,112	11,667	158,490	216,094	402,363
Charge for the year	–	–	7	5,907	–	5,914
Exchange adjustments	–	–	12	1,375	–	1,387
Impairment loss *(note 14(a))*	–	–	–	18,202	–	18,202
At 31 December 2015	–	16,112	11,686	183,974	216,094	427,866
Net book value:						
At 31 December 2015	820	559,528	76,190	95,385	–	731,923

(Expressed in Renminbi Yuan unless otherwise indicated)

16 INTANGIBLE ASSETS (continued)

Notes:

(a) Included in the Group's exploration and evaluation assets are assets related to mines, which are under the exploration and evaluation stage as at 31 December 2015, with a carrying value of RMB559,528,000 (2014: RMB542,538,000). These assets are not subject to amortisation until they are placed in use.

(b) The Group entered into an agreement with a third party on 12 June 2014 to dispose of an exploration right and certain exploration and evaluation assets with a carrying amount of RMB7,844,000. As a result, such intangible assets are presented as assets classified as held for sale at fair value less costs to sell of RMB1,800,000 as at 31 December 2014. Therefore, an impairment loss of RMB6,044,000 was recognised in "other net income/(loss)" during the year ended 31 December 2014 (see note 5). The estimates of recoverable amount were based on the exploration right and certain exploration and evaluation assets' fair values less costs to sell by reference to a quotation from an independent third party stipulated in the agreement. The fair value on which the recoverable amount is based on is categorised as a Level 2 measurement.

No impairment loss of intangible assets was provided during the year ended 31 December 2015.

(c) The Group's mining rights are as follows:

Mine	Location	Expiry date
Lingjin One Mine	Lingbao, Henan	December 2021
Lingjin Two Mine	Lingbao, Henan	April 2018
Hongxin Gold Mine	Lingbao, Henan	May 2019
Hongtuling Gold Mine	Lingbao, Henan	March 2016
Duolanasayi Gold Mine	Habahe, Xinjiang	July 2018
Tuokuzibayi Gold Mine	Habahe, Xinjiang	August 2017
Chifeng Jinchan Mining Company Limited Gold Mine	Chifeng, Inner Mongolia	January 2018
Shangshanghe Gold Mine *(note i)*	Nanyang, Henan	October 2012
Laowan Gold Mine	Nanyang, Henan	January 2016
Beiyangzhuang Polymetallic Mine *(note i)*	Nanyang, Henan	August 2010
Pengjialaozhuang Gold Mine	Nanyang, Henan	August 2021
Laowan Eastern Gold Mine	Nanyang, Henan	December 2016
Istanbul Gold Mine	KR	February 2017
Istanbul Gold Eastern Mine	KR	December 2022
Terek Gold Mine	KR	December 2022

Notes:

(i) As at 31 December 2015, the Group was in the process of applying for extension of these mining rights with an aggregate carrying value of approximately RMB7,502,000. The directors are of the opinion that the Group is entitled to lawfully and validly occupy or use the above mentioned intangible assets.

(ii) The amortisation charge for the year is included in "cost of sales" in the consolidated statement of profit or loss of the Group.

(d) The exploration rights are amortised to exploration and evaluation assets on a straight-line basis over the estimated useful lives of one to three years.

17 GOODWILL

	RMB'000
Cost:	
At 31 December 2014, 1 January 2015, and 31 December 2015	41,360
Accumulated impairment losses:	
At 31 December 2014, 1 January 2015, and 31 December 2015	34,058
Carrying amount:	
At 31 December 2014 and 2015	7,302

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's CGUs identified as follows:

	2015 RMB'000	2014 RMB'000
Habahe Huatai Gold Company Limited	2,262	2,262
Tongbai Xingyuan Mining Company Limited	2,455	2,455
Palladex KR Limited Liability Company	2,585	2,585
Total	7,302	7,302

The recoverable amounts of the CGUs are determined based on value-in-use calculations with certain key assumptions. Value-in-use calculations use cash flow projections based on financial budgets approved by management covering a five-year period, and pre-tax discount rates of 12% to 18% (2014: 12% to 15%). Cash flow projections during the forecast period for the CGUs are based on the expected growth rates and gross margins during the forecast period. Forecasted gross margin is based on the expected growth rate for the industry. Forecasted gross margin has been determined based on past business performance and market participants' expectations for market development.

No additional impairment provision was considered necessary based on the impairment assessment performed as at 31 December 2015 (2014: Nil).

18 LEASE PREPAYMENTS

	2015 RMB'000	2014 RMB'000
Cost:		
At 1 January	**205,584**	204,784
Additions	**–**	800
At 31 December	**205,584**	205,584
Accumulated amortisation:		
At 1 January	**(25,696)**	(20,212)
Charge for the year	**(5,390)**	(5,484)
At 31 December	**(31,086)**	(25,696)
Carrying amount:		
At 1 January	**179,888**	184,572
At 31 December	**174,498**	179,888

	2015 RMB'000	2014 RMB'000
Lease prepayments	**174,498**	179,888
Less: Current portion of lease prepayments included in other receivables, deposits and prepayments	**(5,460)**	(5,659)
	169,038	174,229

The Group's leasehold lands are located in the PRC. The Group were formally granted by the relevant PRC authorities certain rights to use the lands on which the Group's factories and infrastructures are erected for a period of 50 years.

19 INTERESTS IN SUBSIDIARIES

Details of the subsidiaries at 31 December 2015 are as follows:

Name of company	Type of legal entity	Place of incorporation and operation	Percentage of equity attributable to the Company Direct	Indirect	Issued and fully paid-up/ registered capital	Principal activities
			%	%	'000	
Xinjiang Baoxin Mining Company Limited	Limited liability company	The PRC	80	20	RMB10,000	Sales of mineral products
Lingbao Hongxin Mining Company Limited	Limited liability company	The PRC	80	–	RMB3,000	Exploration and processing of gold; sales of mineral products
Jiangxi Mingxin Mining Company Limited	Limited liability company	The PRC	80	–	RMB5,000	Production and sales of precious metal products
Habahe Huatai Gold Company Limited	Limited liability company	The PRC	83.3	16.7	RMB9,800	Mining, processing and smelting of gold, production of gold products, sales of gold bullion products, machinery,equipment and components for gold processing
Tongbai Xingyuan Mining Company Limited	Limited liability company	The PRC	100	–	RMB17,000	Geological exploration of mineral reserves
Chi Feng City Zheng Ji Mining Company Limited	Limited liability company	The PRC	80	–	RMB15,131	Processing of metallurgy products, sales of mineral products
Lingbao Gold International Company Limited	Limited liability company	Hong Kong	100	–	HKD50,000	Investment holding
Chifeng Jinchan Mining Company Limited	Limited liability company	The PRC	100	–	RMB20,000	Mining and exploration of mineral reserves
Chifeng Lingjin Mining Company Limited	Limited liability company	The PRC	80	–	RMB40,000	Mining and exploration of mineral reserves
Lingbao Yixin Mining Company Limited ("Lingbao Yixin")	Limited liability company	The PRC	80 *(note i)*	–	RMB3,670	Mining and exploration of mineral reserves
Full Gold Mining Limited Liability Company	Limited liability company	Kyrgyz Republic	82 *(note ii)*	–	SOM33,300	Mining and exploration of mineral reserves

19 INTERESTS IN SUBSIDIARIES (continued)

Name of company	Type of legal entity	Place of incorporation and operation	Percentage of equity attributable to the Company Direct %	Indirect %	Issued and fully paid-up/ registered capital '000	Principal activities
Palladex KR Limited Liability Company ("Palladex KR")	Limited liability company	Kyrgyz Republic	70	–	SOM1	Mining and exploration of mineral reserves
Tianshui Hongwu Mining Development Company Limited ("Tianshui Hongwu")	Limited liability company	The PRC	74 *(note iii)*	–	RMB1,000	Mining and exploration of mineral reserves
Lanzhou Lingjin Mining Company Limited	Limited liability company	The PRC	100	–	RMB1,000	Mining and exploration of mineral reserves
Beijing Fushengda Investment Company Limited	Limited liability company	The PRC	100	–	RMB10,000	Investment holding
Lingbao Wason Copper – Foil Company Limited	Limited liability company	The PRC	100	–	RMB180,000	Processing of copper products
Ha Mi Jiachang Mining Investment and Development Company Limited	Limited liability company	The PRC	–	100	RMB20,000	Mining and exploration of mineral reserves
Lingbao Gold Yili Metallurgical Company Limited	Limited liability company	The PRC	100	–	RMB25,000	Processing and smelting of gold, further processing and sales of gold products
Habahe Huayuan Mining Company Limited	Limited liability company	The PRC	–	60	RMB5,000	Mining and exploration of mineral reserves
Lingbao Hongyu Electronics Company Limited	Limited liability company	The PRC	–	100	RMB30,000	Processing of copper products

Notes:

(i) Lingbao Yixin was acquired by the Group in June 2007. Pursuant to the sale and purchase agreement, the Group is entitled to an amount of initial profit which is equivalent to the Group's investment cost in Lingbao Yixin. Profit generated thereafter is shared between the Group and the non-controlling interests on a 55%: 45% basis.

(ii) At 31 December 2015 and 2014, the ordinary shares of Full Gold were secured for a bank loan as disclosed in note 29.

(iii) Tianshui Hongwu was acquired by the Group in November 2007. Pursuant to the sale and purchase agreement, the Group is entitled to an amount of initial profit which is equivalent to the Group's investment cost in Tianshui Hongwu. Profit generated thereafter is shared between the Group and the non-controlling interests on a 74%: 26% basis.

19 INTERESTS IN SUBSIDIARIES (continued)

The following table lists out the information relating to Palladex KR and Full Gold, the subsidiaries of the Group which have material non-controlling interest ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

Palladex KR

	2015 RMB'000	2014 RMB'000
NCI percentage	30%	30%
Current assets	2,689	77,487
Non-current assets	123,778	121,042
Current liabilities	(56,346)	(126,377)
Net assets	70,121	72,152
Carrying amount of NCI	21,122	21,730
Loss for the year	(1,418)	(1,318)
Loss attributable to NCI	(426)	(394)
Total comprehensive income	(2,031)	(1,400)
Total comprehensive income attributable to NCI	(608)	(420)
Cash flows used in operating activities	(1,241)	(883)
Cash flows used in investing activities	(391)	(983)
Cash flows generated from financing activities	1,997	649

19 INTERESTS IN SUBSIDIARIES (continued)

Full Gold

	2015 RMB'000	2014 RMB'000
NCI percentage	18%	18%
Current assets	282,200	214,718
Non-current assets	535,569	563,457
Current liabilities	(929,267)	(492,652)
Non-current liabilities	(297,640)	(549,706)
Net liabilities	(409,138)	(264,183)
Carrying amount of NCI	(62,090)	(35,998)
Revenue	–	(10,268)
Loss for the year	(124,959)	(77,815)
Loss attributable to NCI	(22,492)	(14,007)
Total comprehensive income	(144,955)	(78,629)
Total comprehensive income attributable to NCI	(26,092)	(14,153)
Cash flows used in operating activities	(27,389)	(43,928)
Cash flows used in investing activities	(177,523)	(128,939)
Cash flows generated from financing activities	207,754	171,084

20 OTHER NON-CURRENT FINANCIAL ASSETS

	2015 **RMB'000**	2014 RMB'000
Available-for-sale equity securities:		
– Unlisted, at cost		
– Henan Jinqu Gold Co., Ltd. *(note (a))*	**10,504**	10,504
– Puyue Beijing Mining (Lao) Co., Ltd ("Puyue Mining") *(note (b))*	**9,210**	9,210
	19,714	19,714

Notes:

(a) It represents the Group's 5% equity interest in a PRC domiciled enterprise which is mainly engaged in geological exploration, mining, processing, sales of gold, as well as research, development, production and sale of artificial industrial diamonds. There is no quoted market price for such equity securities and a reasonable estimate of the fair value could not be made without incurring excessive costs.

(b) It represents the Group's 20% equity interest retained in Puyue Mining, a former subsidiary of the Company, which is mainly engaged in geological exploration, mining, processing, sales of leopoldite. The directors consider that the Group has no significant influence on Puyue Mining during the year ended 31 December 2015. There is no quoted market price for such equity securities and a reasonable estimate of the fair value could not be made after initial recognition without incurring excessive costs.

21 INVESTMENT DEPOSIT

	2015 **RMB'000**	2014 RMB'000
Investment deposit	**80,000**	80,000
Less: Impairment losses	**(80,000)**	(80,000)
	–	–

During the year ended 31 December 2007, an investment deposit of RMB80,000,000 was paid to an independent third party, Beijing Jiuyi Investment Company Limited ("Beijing Jiuyi"), for acquiring certain company with mining assets situated in Gansu Province, the PRC. The relevant agreements in connection with this acquisition expired on 31 October 2009 and the acquisition was not completed as at 31 December 2009. An impairment loss of RMB80,000,000 was made in the consolidated financial statements for the year ended 31 December 2009.

As at 31 December 2015, the directors considered that the investment deposit of RMB80,000,000 would still not be recoverable.

22 NON-CURRENT PREPAYMENTS

	2015 RMB'000	2014 RMB'000
Prepayments for purchase of property, plant and equipment and construction of mining shafts	11,674	20,883
Prepayments for acquisition of mining and exploration assets	–	820
Prepayments for taxes	166,662	–
	178,336	21,703
Less: Allowance for doubtful debts	(1,000)	(1,000)
	177,336	20,703

23 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the statement of financial position represents:

	2015 RMB'000	2014 RMB'000
At beginning of the year	(1,165)	(8,523)
Provision for PRC income tax *(note 8(a))*	18,351	23,973
PRC income tax paid	(24,968)	(16,615)
At end of the year	(7,782)	(1,165)
Representing:		
PRC income tax		
– Recoverable	(9,296)	(6,798)
– Payable	1,514	5,633
At end of the year	(7,782)	(1,165)

23 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION (continued)

(b) Deferred tax assets and liabilities recognised:

(i) The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Depreciation of property, plant and equipment RMB'000	Amortisation of intangible assets RMB'000	Other non-current financial assets RMB'000	Allowance for bad debt RMB'000	Inventories RMB'000	Other accruals and payables RMB'000	Financial instruments RMB'000	Tax losses RMB'000	Total RMB'000
Deferred tax arising from:									
At 1 January 2014	29,986	4,171	–	39,614	15,683	38,053	(159)	176,079	303,427
Credited/(charged) to profit or loss	(2,440)	(2,374)	(2,086)	(1,105)	(12,498)	4,542	1,415	(923)	(15,469)
At 31 December 2014	27,546	1,797	(2,086)	38,509	3,185	42,595	1,256	175,156	287,958
At 1 January 2015	27,546	1,797	(2,086)	38,509	3,185	42,595	1,256	175,156	287,958
Credited/(charged) to profit or loss	(7,017)	(1,841)	-	23,148	1,188	(1,939)	(1,669)	(141,156)	(129,286)
At 31 December 2015	20,529	(44)	(2,086)	61,657	4,373	40,656	(413)	34,000	158,672

(ii) Reconciliation to the statement of financial position

	2015 RMB'000	2014 RMB'000
Net deferred tax asset recognised on the statement of financial position	161,171	290,044
Net deferred tax liability recognised on the statement of financial position	(2,499)	(2,086)
	158,672	287,958

23 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION (continued)

(c) Deferred tax assets not recognised

The Group has not recognised deferred tax assets in respect of cumulative unused tax losses of RMB867,737,000 (2014: RMB149,228,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. Tax losses of RMB16,618,000, RMB25,007,000, RMB625,407,000, RMB32,768,000 and RMB167,937,000, if unused, will expire in 2016, 2017, 2018, 2019 and 2020, respectively.

24 INVENTORIES

(a) Inventories in the statement of financial position comprise:

	2015 RMB'000	2014 RMB'000
Raw materials	1,121,917	1,212,610
Work in progress	74,501	69,932
Finished goods	219,448	274,664
Spare parts and materials	80,756	83,995
	1,496,622	1,641,201

(b) The analysis of the amount of inventories recognised as an expense and included in profit and loss is as follows:

	2015 RMB'000	2014 RMB'000
Carrying amount of inventories sold	5,300,158	5,918,176
Write down of inventories	7,904	3,721
	5,308,062	5,921,897

25 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2015 RMB'000	2014 RMB'000 *(Note 40)*
Trade receivables	381,531	456,057
Bills receivable	324,500	199,905
Less: Allowance for doubtful debts	(52,171)	(14,011)
	653,860	641,951
Other receivables, deposits and prepayments	114,834	272,399
Less: Allowance for doubtful debts	(1,934)	(1,941)
	112,900	270,458
Purchase deposits *(note (d))*	396,915	296,848
Less: Allowance for non-delivery	(100,406)	(30,707)
	296,509	266,141
Derivative financial assets *(note 35(g)(i))*	1,652	–
Amounts due from Beijing Jiuyi *(note (e))*	–	–
	1,064,921	1,178,550

All of the trade and other receivables, deposits and prepayments are expected to be recovered within one year.

25 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

Transfers of financial assets

(i) Transferred financial assets that are not derecognised in their entirety

As at 31 December 2015, the Group endorsed certain bank acceptance bills with a carrying amount of RMB46,243,000 (2014: RMB53,297,000) to suppliers for settling trade payables of the same amount on a full recourse basis. In the opinion of the directors, the Group has not transferred the substantial risks and rewards relating to these bank acceptance bills, and accordingly, it continued to recognise the full carrying amounts of these bills receivable and the associated trade payables settled.

(ii) Transferred financial assets that are derecognised in their entirety

As at 31 December 2015, the Group discounted certain bank acceptance bills to banks for cash proceeds and endorsed certain bank acceptance bills to suppliers for settling trade payables of the same amount on a full recourse basis. The Group has derecognised these bills receivable and the payables to suppliers in their entirety. These derecognised bank acceptance bills had a maturity date of less than six months from the end of the reporting period. In the opinion of the directors, the Group have transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers, and the Group has limited exposure in respect of the settlement obligation of these bills receivable under the relevant PRC rules and regulations should the issuing banks fail to settle the bills on maturity date. The Group considered the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable.

As at 31 December 2015, the Group's maximum exposure to loss and undiscounted cash outflow, which is same as the amount payable by the Group to banks or suppliers in respect of the discounted bills and endorsed bills, should the issuing banks fail to settle the bills on maturity date, amounted to RMB69,527,000 and RMB65,316,000 (2014: RMB74,824,000 and RMB126,989,000) respectively.

(a) Ageing analysis

The ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows.

	2015 RMB'000	2014 RMB'000
Within three months	395,181	456,413
Over three months but less than six months	207,906	149,531
Over six months but less than one year	31,055	31,691
Over one year	19,718	4,316
At 31 December	653,860	641,951

For sales of gold, the Group requests customers to pay cash in full immediately upon the delivery. For sales of other metallic products, trade and bills receivables are due within 90 days to 180 days from the date of billing. Further details on the Group's credit policy are set out in note 35(a).

25 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(b) Trade and bills receivables that are not impaired

The ageing analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired are as follows:

	2015 RMB'000	2014 RMB'000
Neither past due nor impaired	542,294	605,944
Less than one year past due	96,607	36,007
Over one year past due	14,959	–
	653,860	641,951

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers for whom there is no recent history of default. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

(c) Impairment of trade and other receivables

Impairment losses in respect of trade and other receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and other receivables directly (see note 1(j)(i)).

The movement in the allowance for doubtful receivables during the year is as follows:

	2015 RMB'000	2014 RMB'000
At 1 January	15,952	8,969
Impairment loss recognised	38,153	6,989
Impairment loss written off	–	(6)
At 31 December	54,105	15,952

At 31 December 2015, the Group's trade and other receivables of RMB54,105,000 (2014: RMB15,952,000) were individually determined to be impaired.

25 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(d) Purchase deposits

Purchase deposits represent the amounts paid by the Group in advance to suppliers to secure timely and stable supply of mineral sand for the purposes of refining in future periods.

Impairment loss in respect of purchase deposits is recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against purchase deposits directly (see note 1(j)(i)).

The movement in the allowance for non-delivery of purchase deposits during the year is as follows:

	2015 RMB'000	2014 RMB'000
At 1 January	30,707	39,316
Impairment loss recognised/(reversed)	69,699	(8,609)
At 31 December	100,406	30,707

At 31 December 2015, the Group's purchase deposit of RMB100,406,000 (2014: RMB30,707,000) were individually determined to be impaired.

As the market price of gold has been in general decreasing during the year ended 31 December 2015, certain suppliers of mineral sand were in significant financial difficulty and ceased the supply of mineral sand to the Group. The Group assessed the recoverability of purchase deposits and concluded that purchase deposits of RMB100,406,000 (2014: RMB30,707,000) were individually determined to be impaired. The directors of the Company consider that appropriate procedures have been taken by the Group to assess the capabilities of the suppliers to supply mineral sand and expect that the remaining purchase deposits would be gradually recovered through future purchases of mineral sand from the respective suppliers.

(e) Amounts due from Beijing Jiuyi

	2015 RMB'000	2014 RMB'000
Amounts due from Beijing Jiuyi	30,800	30,800
Less: Impairment losses	(30,800)	(30,800)
	–	–

The balance due from Beijing Jiuyi was relating to a compensation payment for a proposed acquisition in previous years. The directors considered the balance of RMB30,800,000 would not be recoverable and accordingly, an impairment loss was provided.

26 ASSETS CLASSIFIED AS HELD FOR SALE

	2015 RMB'000	2014 RMB'000
Intangible assets	7,539	9,339

The Group entered into an agreement with a third party before 1 January 2012 to dispose of certain exploration and evaluation assets at a consideration of RMB10,200,000. Nevertheless, certain assets transfer procedures are still in process and such disposal is expected to be completed in 2016. As a result, such exploration and evaluation assets are presented as assets classified as held for sale at a carrying amount of RMB7,539,000 at 31 December 2015.

27 PLEDGED DEPOSITS

Pledged deposits can be analysed as follows:

	2015 RMB'000	2014 RMB'000 *(Note 40)*
Guarantee deposits for issuance of letter of credit	28,146	57,003
Guarantee deposits for short-term borrowings	6,400	69,800
Guarantee deposits for issuance of bank acceptance bills	42,110	20,000
Guarantee deposits for forward commodity contracts	4,000	9,732
Guarantee deposits for futures contracts	31,511	17,562
Others	10,661	2,411
	122,828	176,508

28 CASH AND CASH EQUIVALENTS

	2015 RMB'000	2014 RMB'000
Cash at bank and on hand	1,117,524	372,312

29 BANK LOANS

At 31 December 2015, the bank loans were repayable as follows:

	2015 RMB'000	2014 RMB'000
Within one year or on demand	3,771,699	2,108,826
Over one year but within two years	419,159	1,113,827
Over two years but within five years	239,637	266,482
	658,796	1,380,309
	4,430,495	3,489,135

At 31 December 2015, the bank loans were secured as follows:

	2015 RMB'000	2014 RMB'000
Bank loans		
– secured	570,138	481,741
– unsecured	3,860,357	3,007,394
	4,430,495	3,489,135

At 31 December 2015, bank loans of the Group amounting to RMB245,458,000 (2014: RMB261,893,000) were secured by a mining right with the carrying amount of RMB81,993,000 (2014: RMB98,875,000) and the ordinary shares of Full Gold established in the KR as disclosed in note 19(ii).

At 31 December 2015, bank loans of the Group amounting to RMB324,680,000 was guaranteed by Lingbao State-owned Assets Operation Company Limited ("Lingbao State-owned Assets") (2014: Nil).

At 31 December 2015, no loans (2014: RMB48,520,000) were secured by inventories (2014: carrying amount of RMB48,056,000).

30 DEBENTURES

On 25 March 2011, the Company issued five-year Medium Term Notes of RMB400 million to corporate investors in the PRC inter-bank debenture market. The notes are unsecured and repayable on 25 March 2016, and bear a floating interest rate, which is based on the one-year deposit rate of the People's Bank of China plus a margin of 2.95% per annum.

On 17 June 2011, the Company issued five-year Medium Term Notes of RMB300 million to corporate investors in the PRC inter-bank debenture market. The notes are unsecured and repayable on 16 June 2016, and bear a floating interest rate, which is based on the one-year deposit rate of the People's Bank of China plus a margin of 2.85% per annum.

31 TRADE AND OTHER PAYABLES

Current trade and other payables:

	2015 RMB'000	2014 RMB'000
Bills payable	40,000	30,000
Trade payables	430,474	497,217
Other payables and accruals	405,195	390,418
Payable for mining rights	82,956	81,383
Deferred income *(note (a))*	59,522	87,646
Dividend payable	1,260	1,260
Payable to non-controlling interests *(note (b))*	41,008	35,429
Derivative financial liabilities *(note 35(g)(i))*	–	5,077
	1,060,415	1,128,430
Non-current other payables		
Decommissioning costs	14,844	13,988
Deferred income *(note (a))*	100,606	81,252
	115,450	95,240

(a) Deferred income represents grants received from the government for the exploration of mines and construction of mining related assets and machinery of copper products. When certain conditions are met, the government grants are recognised as income over the periods necessarily to match them with the related costs of assets constructed which they are intended to compensate over the periods and in the proportion in which depreciation on those assets is charged.

(b) Payable to non-controlling interests is unsecured, interest free and repayable on demand.

31 TRADE AND OTHER PAYABLES (continued)

The ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	2015 RMB'000	2014 RMB'000
Within three months	381,304	466,343
Over three months but less than six months	30,504	10,265
Over six months but less than one year	4,627	5,741
Over one year but less than two years	8,425	7,990
Over two years	5,614	6,878
	430,474	497,217

32 LOAN FROM ULTIMATE HOLDING COMPANY

The loan was provided by Lingbao State-owned Assets and assumed by the Group upon the acquisition of Wason Copper-Foil during the year ended 31 December 2008. The loan is unsecured, interest-free and repayable on demand.

33 CAPITAL AND RESERVE

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Note	Share capital *(note 33(b))* RMB'000	Share premium *(note (i))* RMB'000	PRC Statutory reserves *(note (ii))* RMB'000	Retained profits/ (accumulated losses) RMB'000	Total equity RMB'000
At 1 January 2014		154,050	827,931	160,070	315,034	1,457,085
Changes in equity for 2014						
Total comprehensive income for the year		–	–	–	6,785	6,785
Appropriation of safety production fund		–	–	28,485	(28,485)	–
Utilisation of safety production fund		–	–	(28,485)	28,485	–
At 31 December 2014	*39*	154,050	827,931	160,070	321,819	1,463,870
Changes in equity for 2015						
Total comprehensive income for the year		–	–	–	(555,448)	(555,448)
Appropriation of safety production fund		–	–	21,657	(21,657)	–
Utilisation of safety production fund		–	–	(21,657)	21,657	–
At 31 December 2015	*39*	154,050	827,931	160,070	(233,629)	908,422

33 CAPITAL AND RESERVE (continued)

(a) Movements in components of equity (continued)

Notes:

(i) Share premium

The share premium represents the difference between the total amount of the par value of shares issued and the amount of the net proceeds received upon the global initial public offering. The application of the share premium account is governed by sections 167 and 168 of the PRC Company Law.

(ii) PRC statutory reserves

Transfers from retained earnings to the PRC statutory reserves were made in accordance with the relevant PRC rules and regulations and articles of association of the Company and its subsidiaries incorporated in the PRC.

The Company and the subsidiaries incorporated in the PRC are required to transfer 10% of their net profit, as determined in accordance with the PRC accounting standards and regulations, to the statutory surplus reserve (the "SSR") until the reserve balance reaches 50% of the registered capital. Subject to certain restrictions as set out in the relevant PRC regulations, the SSR may be converted to increase the share capital of the Company, provided that the remaining balance after the capitalisation is not less than 25% of the registered share capital.

Pursuant to the relevant regulations in the PRC, the Group is required to provide for safety production fund based on volume of ores excavated and sales amount of certain products.

For the year ended 31 December 2015, the Company transferred RMB21,657,000 (2014: RMB28,485,000) from retained earnings to specific reserve for the provision for the safety production fund, and transferred RMB21,657,000 (2014: RMB28,485,000) from reserves to retained earnings for the utilisation of the safety production fund according to relevant PRC regulations.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of overseas operations. The reserve is dealt with in accordance with the accounting policies set out in note 1(x).

(iv) Other reserve

The excess of purchase consideration on acquisition of non-controlling interests over the carrying value of the share of net assets acquired are charged to other reserve.

33 CAPITAL AND RESERVE (continued)

(b) Share capital

	2015		2014	
	Number of shares	RMB'000	Number of shares	RMB'000
Registered, issued and fully paid:				
Domestic shares of RMB0.20 each	472,975,091	94,595	472,975,091	94,595
H shares of RMB0.20 each	297,274,000	59,455	297,274,000	59,455
At 1 January and 31 December	770,249,091	154,050	770,249,091	154,050

The holders of Domestic shares and H shares are entitled to receive dividends as and when declared by the Company. All Domestic shares and H shares are ordinary shares and rank pari passu with the same rights and benefits.

(c) Distributability of reserves

According to the Listing Rules of the Main Board of the Stock Exchange, the amount of retained profits available for distribution to shareholders of the Company is the lower of the amount determined in accordance with the PRC Accounting Rules and Regulations and the amount determined in accordance with HKFRSs. At 31 December 2015, there is no retained profits available for distribution to shareholders of the Company. After the end of the reporting period, the directors do not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: RMB Nil).

(d) Statutory reserve – specific reserve

Pursuant to the relevant regulations in the PRC, the Group is required to provide for safety production fund based on volume of ores excavated and sales amount of certain products.

For the year ended 31 December 2015, the Group transferred RMB33,161,000 (2014: RMB33,095,000) from retained earnings to specific reserve provision for the safety production fund and transferred RMB33,161,000 (2014: RMB33,095,000) from specific reserve to retained earnings for the utilisation of the safety production fund according to relevant PRC regulations.

As at 31 December 2015, the consolidated retained profits included an appropriation of RMB50,310,000 (2014: RMB45,518,000) to PRC statutory reserve made by the subsidiaries of the Group.

33 CAPITAL AND RESERVE (continued)

(e) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the Group monitors its capital structure on the basis of a net debt-to-adjusted capital ratio. For this purpose the Group defines net debt as total debt (which includes bank loans, other loans, trade and other payables less cash and cash equivalents and pledged deposits). Adjusted capital comprises all components of equity attributable to equity shareholders of the Company less unaccrued proposed dividends.

In order to maintain or adjust the ratio, the Group may adjust the amount of dividends payable to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

33 CAPITAL AND RESERVE (continued)

(e) Capital management (continued)

The net debt-to-adjusted capital ratio at 31 December 2015 and 2014 was as follows:

	Note	2015 RMB'000	2014 RMB'000
Current liabilities:			
– Bank loans	*29*	3,771,699	2,108,826
– Debenture payable	*30*	700,000	–
– Other loan		1,486	1,784
– Trade and other payables	*31*	1,060,415	1,128,430
– Loan from ultimate holding company	*32*	23,800	23,800
		5,557,400	3,262,840
Non-current liabilities:			
– Debenture payable	*30*	–	700,000
– Bank loans	*29*	658,796	1,380,309
– Other payables	*31*	115,450	95,240
		774,246	2,175,549
Total debt		6,331,646	5,438,389
Less: Cash and cash equivalents	*28*	(1,117,524)	(372,312)
Pledged deposits	*27*	(122,828)	(176,508)
Adjusted net debt		5,091,294	4,889,569
Total equity attributable to equity shareholders of the Company		1,219,448	1,696,307
Adjusted net debt-to-capital ratio		418%	288%

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

34 COMMITMENTS AND CONTINGENCIES

(a) Capital commitments, representing purchase of property, plant and equipment and intangible assets outstanding at 31 December 2015 not provided for in the financial statements, were as follows:

	2015 RMB'000	2014 RMB'000
Authorised and contracted for	165,173	77,990
Authorised but not contracted for	287,954	253,581
	453,127	331,571

(b) At 31 December 2015, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2015 RMB'000	2014 RMB'000
Within one year	2,951	2,839
After one year but within five years	9,051	8,749
After five years	1,925	1,885
	13,927	13,473

The Group is the leasee in respect of a number of properties under operating leases. The leases typically run for an initial period of one to ten years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

34 COMMITMENTS AND CONTINGENCIES (continued)

(c) Environmental contingencies

To date, the Group's subsidiaries in the PRC have not incurred any significant expenditures for environment remediation and is currently not involved in any environmental remediation. In addition, the Group's subsidiaries in the PRC have not accrued any amounts for environmental remediation relating to its operations. Under existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group. The PRC government, however, has moved and may move further towards more rigorous enforcement of applicable laws and towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include: (i) the exact nature and extent of the contamination at various sites including, but not limited to mines, concentrators and smelting plants whether they are operating, closed and sold; (ii) the extent of required cleanup efforts; (iii) varying costs of alternative remediation strategies; (iv) changes in environmental remediation requirements; and (v) the identification of new remediation sites. The amount of such future costs is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under proposed or future environmental legislation cannot be reasonably estimated at present, and could be material. The Group paid normal routine pollutant discharge fee and environmental rehabilitation expenses of RMB2,033,000 (2014: RMB1,726,000) and RMB17,257,000 (2014: RMB18,939,000) respectively for the year ended 31 December 2015.

In accordance with the laws and regulations of the KR, the Group's subsidiary in the KR has present obligation with regards to dismantling of mine site facilities and equipment and site rehabilitation. Provision for decommissioning costs of RMB14,844,000 (2014: RMB13,988,000) was made in the consolidated financial statements for the year ended 31 December 2015.

(d) Financial guarantees issued

As at 31 December 2015, the Company has issued the following guarantees:

(i) guarantees to certain banks in respect of loans granted to a subsidiary, Wason Copper-Foil, of RMB149,289,000 (2014: RMB70,000,000);

(ii) guarantees to certain banks in respect of loans granted to a subsidiary, Full Gold, of USD56,700,000 (RMB equivalent 368,187,000) (2014: RMB equivalent 243,230,000); and

(iii) guarantees to certain banks in respect of loans granted to a subsidiary, Lingbao Gold International Company Limited, of USD23,750,000 (RMB equivalent 154,223,000) (2014: RMB equivalent 145,326,000);

The directors do not consider it probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the end of the reporting period under the guarantees issued is the outstanding loans granted to the subsidiaries of the Company.

Except for the above guarantees, the Group or the Company does not provide any other guarantees which would expose the Group or the Company to credit risk.

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate, gold price, other commodity price and foreign currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The carrying amounts of cash and cash equivalents, pledged deposits, trade and other receivables, deposits and prepayments and investment deposit represent the Group's maximum exposure to credit risk in relation to these financial assets. Substantially all of the Group's cash and cash equivalents and deposits are held in major financial institutions located in Hong Kong and mainland China, which management believes are of high credit quality.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent.

The Group's major customers are Shanghai Gold Exchange and metallurgical companies in the PRC, which accounted for significant amounts of the Group's total revenues during the year.

For sales of gold, the Group has no significant credit risk as the transaction amounts of sales of gold are required to be settled immediately upon the delivery.

For sales of other metallic products, the Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debt is not significant. Normally, the Group does not obtain collateral from customers. The Group has certain concentration of credit risk on trade receivables as 9% (2014: 9%) and 29% (2014: 23%) of the total trade receivables was due from the Group's largest customer and the five largest customers other than Shanghai Gold Exchange respectively as at 31 December 2015.

In addition, the Group made purchase deposits of RMB296,509,000 (net of provision) (2014: RMB266,141,000) at 31 December 2015 to suppliers to secure its supplies of mineral sand which is the major raw materials in the smelting process. The balance represented 7.76% (2014: 7.86%) of the total current assets at 31 December 2015. The Group believes that the purchase deposits will be recovered through purchases from these suppliers in future periods. In the event that these suppliers ceased to provide mineral sand to the Group, the Group may expose itself to significant credit risk arising from the recoverability of the purchase deposits and hence the profitability will be adversely affected.

As at 31 December 2015, the Group's purchase deposits of RMB100,406,000 (2014: RMB30,707,000) were individually determined to be impaired (see note 25(d)). Management of the Group will continue to monitor the progress of the recoverability of the purchase deposits and chase for settlement of the outstanding balances from the suppliers regularly.

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(a) Credit risk (continued)

In 2009, impairment losses on investment deposit of RMB80,000,000 (see note 21) and other receivables of RMB30,800,000 (see note 25(e)) were made in the consolidated financial statements. Management of the Group will continue to monitor the progress of the recoverability of the investments and chase for settlement of the outstanding balances from the debtor regularly. Management considers to carry out due diligence work on the proposed acquisition before investment decision is made in order to reduce the related credit risk.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance, and discounted and endorsed bills with full recourse which were derecognised by the Group (see note 25).

Except for the financial guarantees given by the Company to the subsidiaries of the Company as set out in note 34(d), the Group does not provide any other guarantees which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables and purchase deposits are set out in note 25.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group's approach in managing liquidity is to ensure, as far as possible, that it will always have sufficient funding to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Group's reputation.

The Group closely monitors cash flow requirements and optimising its cash return. The Group prepares cash flow forecasts and ensures it has sufficient cash for the servicing of operation, financial, and capital obligations. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

Other than discounted and endorsed bills with full recourse which were derecognised by the Group (see note 25), the following table details the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(b) Liquidity risk (continued)

	2015						2014					
	Contractual undiscounted cash outflow						Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at 31 Dec	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at 31 Dec
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans	3,897,131	440,706	246,023	–	4,583,860	4,430,495	2,321,938	1,153,359	272,557	–	3,747,854	3,489,135
Other loan	1,486	–	–	–	1,486	1,486	1,784	–	–	–	1,784	1,784
Loan from ultimate holding company	23,800	–	–	–	23,800	23,800	23,800	–	–	–	23,800	23,800
Trade and other payables	980,926	–	–	–	980,926	980,926	1,047,127	–	–	–	1,047,127	1,047,127
Debentures payable	711,370	–	–	–	711,370	700,000	41,350	714,203	–	–	755,553	700,000
Non-current other payables – Decommissioning costs	–	–	–	14,844	14,844	14,844	–	–	–	13,988	13,988	13,988
	5,614,713	440,706	246,023	14,844	6,316,286	6,151,551	3,435,999	1,867,562	272,557	13,988	5,590,106	5,275,834

(c) Interest rate risk

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. Management monitors interest rate exposures and will consider hedging significant interest rate risk should the need arise. The Group's interest rate profile as monitored by management is set out below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's net borrowings at the end of the reporting period.

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(c) Interest rate risk (continued)

(i) Interest rate profile (continued)

	2015		2014	
	Interest rate %	RMB'000	Interest rate %	RMB'000
Net fixed rate borrowings:				
Bank loans	2.00-6.15	2,749,818	3.00-6.60	1,810,284
Net variable rate borrowings:				
Bank loans	1.81-5.25	1,680,677	1.45-6.30	1,678,851
Other loan	1.80	1,486	3.05	1,784
Debenture payable	4.85-5.45	700,000	5.85-5.95	700,000
Less: Cash and cash equivalents	0.00-4.10	(1,115,489)	0.00-1.27	(370,191)
Pledged deposits	0.05-3.90	(122,828)	0.35-3.30	(176,508)
		1,143,846		1,833,936
Total net borrowings		3,893,664		3,644,220
Net fixed rate borrowings as a percentage of total net borrowings		71%		50%

(ii) Sensitivity analysis

The Group does not account for any fixed rate borrowings at fair value through profit or loss. Therefore a change in interest rate at the reporting date would not affect profit or loss.

As at 31 December 2015, it is estimated that a general increase/decrease of 100 basis points in variable interest rates, with all other variables held constant, would increase/decrease the Group's net loss for the year and decrease/increase the Group's retained earnings by approximately RMB9,678,000 (decrease/increase the Group's net profit and retained earnings for 2014: RMB14,891,000). This sensitivity analysis has been determined assuming that the change in interest rates had occurred at the end of reporting period and the change was applied to the Group's variable rate borrowings at that date with exposure to cash flow interest rate risk. The impact on the Group's loss after tax (2014: profit after tax) and retained earnings is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2014.

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(d) Commodity price risk

Gold price risk arises from the risk of an adverse effect on current or future earnings resulting from fluctuations in the price of gold.

The Group entered into forward and futures contracts for the sale of gold. All forward and future commodity contracts can only be carried out under the approval of the General Manager's Office which is composed of top management of the Company and established by the board of directors of the Company. As approved by the board of directors of the Company, the holding position of gold underlying the exposure positions of forward and future contracts should not exceed certain percentage of annual gold planned production volume of the Group, respectively. In addition, the price range of the forward and future commodity contracts is closely monitored by the General Manager's Office. As at 31 December 2015 and 2014, most forward and future commodity contracts had been closed out.

Accordingly, a reasonably possible fluctuation of 10% in commodity prices would have no significant impact on the Group's net profit and retained earnings for the year.

(e) Foreign currency risk

The Group is exposed to currency risk primarily through bank deposits, trade and other receivables, trade and other payables and bank loans that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States dollars ("USD"). In addition, as the Hong Kong dollar ("HKD") is pegged to the USD, the Group considers the risk of movements in exchange rates between the HKD and the USD to be insignificant.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entities to which they relate. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated of the financial statements of foreign operations into the Group's presentation currency.

	Exposure to foreign currencies (expressed in Renminbi)	
	2015	2014
	USD	USD
	RMB'000	RMB'000
Trade and other receivables	**20,175**	34,517
Cash and cash equivalents	**66,331**	20,466
Trade and other payables	**(8,866)**	(189,216)
Bank loans	**(324,680)**	(21,587)
Overall net exposure	**(247,040)**	(155,820)

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(e) Foreign currency risk (continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after tax (2014: profit after tax) and retained profits that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2015		2014	
	Increase/ (decrease) in foreign exchange rates	**Decrease/ (increase) in loss after tax and (decrease)/ increase in retained profits**	Increase/ (decrease) in foreign exchange rates	(Decrease)/ increase in profit after tax and retained profits
	%	**RMB'000**	%	RMB'000
USD	**3**	**(5,456)**	3	(3,342)
	(3)	**5,456**	(3)	3,342

Result of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit or loss after tax (2014: profit after tax) and equity measured in the respective functional currencies, translated into Renminbi at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations in the Group's presentation currency. The analysis is performed on the same basis for 2014.

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(f) Business risk

During the year ended 31 December 2015, the Group's supplies of direct materials from independent third parties for smelting segment represent 92.3% (2014: 90.7%) of the Group's total direct materials, in which, the top five suppliers in 2015 represent 23.9% (2014: 27.8%) of the Group's total direct materials. Although the Group believes that it maintains good relationships with its suppliers, there can be no assurance that its suppliers will continue to sell to the Group on normal commercial terms as and when needed. In the event that these suppliers cease to sell to the Group and the Group could not secure other sources of supply, the Group's revenue and profitability will be adversely affected.

(g) Fair value measurement

(i) Financial assets and liabilities carried at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has a team headed by the finance manager performing valuations for the financial instruments. The team reports directly to the chief financial officer and the audit committee. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the chief financial officer. Discussion of the valuation process and results with the chief financial officer and the audit committee is held twice a year, to coincide with the reporting dates.

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(g) Fair value measurement (continued)

(i) Financial assets and liabilities carried at fair value (continued)

	Fair value at 31 December 2015 RMB'000	Fair value measurements as at 31 December 2015 categorised into Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Financial assets:				
Derivative financial instruments:				
– Futures commodity contracts	1,652	1,652	–	–

	Fair value at 31 December 2014 RMB'000	Fair value measurements as at 31 December 2014 categorised into Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Financial liabilities:				
Derivative financial instruments:				
– Forward exchange contracts	135	–	135	–
– Forward commodity contracts	4,092	–	4,092	–
– Futures commodity contracts	850	850	–	–

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of forward exchange contracts and forward commodity contracts included in financial liabilities is determined by discounting the difference between the contractual exercise price and the market forward price. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period.

During the years ended 31 December 2014 and 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2014 and 2015.

36 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of business lines (production processes, products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. Operating segments with similar nature of the production process, products and services have been aggregated to form the following reportable segments.

Mining – PRC	–	Gold mining and mineral ores processing operations in the PRC.
Mining – KR	–	Gold mining and mineral ores processing operations in the KR.
Smelting	–	Gold and other metal smelting and refinery operations carried out in the PRC.
Copper processing	–	Copper processing operation carried out in the PRC.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets, intangible assets, deferred tax assets and current assets with the exception of investments in financial assets and other corporate assets managed by head office. Segment liabilities include trade creditors and accruals attributable to the activities of the individual segments, deferred tax liabilities and bank and other borrowings managed directly by the segments with the exception of bank borrowings managed by head office.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, other than reporting inter-segment sales of goods, assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

36 SEGMENT REPORTING (continued)

(a) Segment results, assets and liabilities (continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2015 and 2014 is set out below.

	Mining – PRC		Mining – KR		Smelting		Copper processing		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	42,325	3,878	–	–	4,732,610	5,550,205	990,863	952,546	5,765,798	6,506,629
Inter-segment revenue	633,985	784,835	–	10,268	472,602	161,441	1,244	1,331	1,107,831	957,875
Sales tax	(153)	(407)	–	–	(5,547)	(8,668)	(3,504)	(1,203)	(9,204)	(10,278)
Reportable segment revenue	676,157	788,306	–	10,268	5,199,665	5,702,978	988,603	952,674	6,864,425	7,454,226
Reportable segment profit/(loss)	47,101	128,473	(41,387)	(58,956)	19,548	152,791	57,087	77,391	82,349	299,699
Reportable segment assets	1,841,560	2,036,427	898,468	862,908	2,119,063	2,346,445	1,606,661	1,610,588	6,465,752	6,856,368
Reportable segment liabilities	802,190	854,069	1,237,485	1,052,354	1,867,690	1,947,228	1,264,076	1,306,632	5,171,441	5,160,283
Other segment information										
Interest expenses	(22,495)	(19,448)	(21,413)	(20,513)	(79,992)	(79,827)	(16,856)	(25,884)	(140,756)	(145,672)
Depreciation and amortisation for the year	(67,356)	(87,449)	(44,548)	(36,071)	(38,965)	(41,259)	(60,429)	(48,507)	(211,298)	(213,286)
(Provision)/reversal of impairment on:										
– trade and other receivables	–	(6)	–	–	–	–	(38,153)	(6,983)	(38,153)	(6,989)
– purchase deposits	–	–	–	–	(69,699)	8,609	–	–	(69,699)	8,609
– property, plant and equipment	(76,575)	–	(49,719)	–	–	–	–	–	(126,294)	–
– construction in progress	(28,598)	–	–	–	–	–	–	–	(28,598)	–
– intangible assets	–	(6,044)	(18,202)	–	–	–	–	–	(18,202)	(6,044)

36 SEGMENT REPORTING (continued)

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2015 RMB'000	2014 RMB'000
Revenue		
Reportable segment revenue	6,864,425	7,454,226
Elimination of inter-segment revenue	(1,107,831)	(957,875)
Consolidated revenue	5,756,594	6,496,351
Profit or loss		
Reportable segment profit	82,349	299,699
Elimination of inter-segment profits	(2,597)	(8,429)
Reportable segment profit derived from the Group's external customers	79,752	291,270
Other net (loss)/income	(140,877)	49,875
Finance costs	(245,358)	(241,736)
Unallocated head office and corporate expenses	(48,434)	(42,709)
Consolidated (loss)/profit before taxation	(354,917)	56,700
Assets		
Reportable segment assets	6,465,752	6,856,368
Elimination of inter-segment receivables	(364,574)	(386,528)
Elimination of unrealised profits	(13,358)	(13,326)
	6,087,820	6,456,514
Other non-current financial assets	19,714	19,714
Cash and cash equivalents managed by head office	911,171	111,681
Unallocated head office and corporate assets	489,434	551,714
Consolidated total assets	7,508,139	7,139,623

36 SEGMENT REPORTING (continued)

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities (continued)

	2015 RMB'000	2014 RMB'000
Liabilities		
Reportable segment liabilities	5,171,441	5,160,283
Elimination of inter-segment payables	(364,574)	(386,528)
	4,806,867	4,773,755
Unallocated head office and corporate liabilities	1,528,792	672,353
Consolidated total liabilities	6,335,659	5,446,108

37 RELATED PARTY TRANSACTIONS

Particulars of transactions with related parties during the year ended 31 December 2015 are as follows:

(a) Transactions with state-controlled entities in the PRC

The Group is a state-controlled entity and operates in an economic regime currently dominated by entities directly or indirectly controlled by the PRC government ("state-controlled entities") through its government authorities, agencies, affiliations and other organisations.

Transactions with other state-controlled entities include but are not limited to the following:

– sales and purchase of goods and ancillary materials;

– rendering and receiving of utilities and other services;

– purchase of property, plant and equipment; and

– depositing and obtaining financial facilities.

37 RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with state-controlled entities in the PRC (continued)

These transactions are conducted in the ordinary course of the Group's business on terms comparable to those with other entities that are not state-controlled. The Group has established its buying, pricing strategy and approval process for purchases and sales of products and services. Such buying, pricing strategy and approval processes do not depend on whether the counterparties are state-controlled entities or not.

Having considered the transactions potentially affected by related party relationships, the Group's pricing strategy, procurement policies and approval processes, and the information that would be necessary for an understanding of the potential effect of the related party relationship on the financial statements, the directors are of the opinion that the following related party transactions require disclosure of numeric details:

Transactions with state-controlled banks

The Group deposits its cash with several state-controlled banks in the PRC. The Group also obtains short-term and long-term loans from these banks in the ordinary course of business. The interest rates of the bank deposits and loans are regulated by the People's Bank of China. The Group's interest income generated from and interest expenses incurred to these state-controlled banks in the PRC are as follows:

	2015 **RMB'000**	2014 RMB'000
Interest income	**7,387**	6,400
Interest expenses	**198,313**	196,512

The amounts of cash deposited at and loans from state-controlled banks in the PRC included in the following account captions are summarised as follows:

	At **31 December** **2015** **RMB'000**	At 31 December 2014 RMB'000
Pledged deposits at state-controlled banks in the PRC	**91,300**	158,929
Cash and cash equivalents at state-controlled banks in the PRC	**1,077,310**	365,764
Short-term loans and current portion of long-term loans	**3,726,111**	2,028,826
Long-term loans excluding current portion of long-term loans	**658,796**	1,380,309
Total loans from state-controlled banks in the PRC	**4,384,907**	3,409,135

37 RELATED PARTY TRANSACTIONS (continued)

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in note 9 is as follows:

	2015 RMB'000	2014 RMB'000
Short-term employee benefits	2,944	3,333
Post-employment benefits	186	162
	3,130	3,495

Total remuneration is included in "staff costs" (see note 6).

38 ACCOUNTING ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty

Notes 14, 15, 17 and 35(g) contain information about the assumptions and their risk factors relating to valuation of property, plant and equipment impairment, valuation of construction in progress impairment, valuation of goodwill impairment and fair value of financial assets. Other key sources of estimation uncertainty are as follows:

(i) Depreciation and amortisation of mining related assets and reserves estimates

As explained in notes 1(g) and 1(h), mining shafts, mining rights and mining development assets are depreciated and amortised using the units of production method based on the proved and probable mineral reserves.

Engineering estimates of the Group's gold reserves are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. There is a national standard set by the PRC Government regarding the engineering criteria that have to be met before estimated gold reserves can be designated as "proved and probable". Proved and probable gold reserve estimates are updated at regular basis and have taken into account recent production and technical information about each mine. In addition, as prices and cost levels change from year to year, the estimate of proved and probable gold reserves also changes. This change is considered a change in estimate for accounting purposes and is reflected on a prospective basis in related depreciation rates.

Despite the inherent imprecision in these engineering estimates, these estimates are used in determining depreciation expenses and impairment losses. Depreciation rates are determined based on estimated proved and probable gold reserve quantity (the denominator) and capitalised costs of mining shafts and mining rights (the numerator). The capitalised cost of mining shafts and mining rights are amortised based on the units of gold produced.

38 ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

(ii) Impairments

In considering the impairment losses that may be required for certain of the Group's assets which include property, plant and equipment, construction in progress, lease prepayments, intangible assets, goodwill, investments in equity securities with no quoted price in an active market and investments in its subsidiaries, recoverable amount of the assets need to be determined. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the assets are discounted to their present value, which requires significant judgement relating to items such as level of sales volume, selling price and the amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as sales volume, selling price and the amount of operating costs.

In considering the impairment losses that may be required for current receivables, future cashflows need to be determined. One of the key assumptions that has to be applied is about the ability of the debtors to settle the receivables. Despite that the Group has used all available information to make this estimation, inherent uncertainty exists and actual write-offs may be higher than the amount estimated.

(iii) Net realisable value of inventories

Inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale. In estimating the net realisable value, future cashflows need to be determined. One of the key estimates that has to be made is about the future selling price, it is possible that the recent selling price is not indicative of the future selling price. Any increase or decrease in selling price would affect profit or loss in future years.

38 ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

(iv) Depreciation

Other than the mining shafts, mining rights and mining development assets, property, plant and equipment and other intangible assets are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. The Group reviews annually the useful life of an asset and its residual value, if any. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimation.

(v) Recognition of deferred tax assets

Deferred tax assets carried forward are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and requires significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

39 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2015 RMB'000	2014 RMB'000 *(Note 40)*
Non-current assets		
Property, plant and equipment	706,422	706,139
Construction in progress	126,764	118,173
Intangible assets	42,627	36,743
Lease prepayments	81,770	84,716
Interests in subsidiaries	946,236	1,090,109
Other financial assets	19,714	19,714
Non-current prepayments	171,330	15,480
Deferred tax assets	221,515	259,261
	2,316,378	2,330,335
Current assets		
Inventories	1,077,092	1,253,927
Trade and other receivables, deposits and prepayments	495,937	636,613
Amounts due from subsidiaries	1,061,369	1,118,627
Pledged deposits	80,001	84,560
Cash and cash equivalents	893,898	214,684
	3,608,297	3,308,411
Current liabilities		
Bank loans	3,137,338	1,740,347
Debenture payable	700,000	–
Other loan	1,486	1,784
Trade and other payables	559,864	680,702
Amounts due to subsidiaries	161,457	138,218
	4,560,145	2,561,051
Net current (liabilities)/assets	(951,848)	747,360
Total assets less current liabilities	1,364,530	3,077,695

39 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (continued)

	Note	2015 RMB'000	2014 RMB'000
Non-current liabilities			
Debenture payable		–	700,000
Bank loans		376,000	840,000
Other payables		77,609	71,739
Deferred tax liabilities		2,499	2,086
		456,108	1,613,825
NET ASSETS		908,422	1,463,870
CAPITAL AND RESERVES	33(a)		
Share capital		154,050	154,050
Reserves		754,372	1,309,820
TOTAL EQUITY		908,422	1,463,870

40 COMPARATIVE FIGURES

Certain items in the comparative figures have been reclassified to conform with the current year's presentation to facilitate comparison.

41 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2015, the directors consider the immediate parent and the ultimate controlling party of the Group to be Lingbao State-owned Assets, a stated-owned enterprise established in the PRC. This entity does not produce financial statements available for public use.

Lingbao State-owned Assets held 296,840,620 shares of domestic shares of the Company, representing approximately 38.54% of the total issued share capital as at 31 December 2015. On 19 February 2016, an equity interest transfer agreement was entered into between Lingbao State-owned Assets as the vendor, and Shenzhen Da Ren Investment Management Company Limited (深圳達仁投資管理股份有限公司) and Chengdu Tian Xin Yang Gold Company Limited (成都天鑫洋金業有限責任公司) as purchasers, in which the vendor agreed to sell and the purchasers agreed to purchase 223,300,000 shares of domestic shares of the Company, representing approximately 28.99% of the total issued share capital as at 31 December 2015. As at the date of this report, the equity transfer is subject to approval from the State-owned Assets Supervision and Administration Commission of the State Council and the National Equities Exchange and Quotations System.

(Expressed in Renminbi Yuan unless otherwise indicated)

42 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2015

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2015 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective Date (for annual financial statements covering periods beginning on or after unless specified)
Annual Improvements to HKFRSs 2012-2014 Cycle	1 January 2016
Amendments to HKFRS 10 and HKAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	1 January 2016
Amendments to HKFRS 11, *Accounting for acquisitions of Interests in joint operations*	1 January 2016
Amendments to HKAS 1, *Disclosure initiative*	1 January 2016
Amendments to HKAS 16 and HKAS 38, *Clarification of acceptable methods of depreciation and amortisation*	1 January 2016
HKFRS 15, *Revenue from contracts with customers*	1 January 2018
HKFRS 9, *Financial instruments*	1 January 2018

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

FIVE YEARS SUMMARY

	Year ended 31 December				
	2015	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets and liabilities					
Non-current assets	**3,689,409**	3,754,915	3,691,018	3,492,892	3,337,279
Net current (liabilities)/assets	**(1,740,184)**	116,235	117,442	412,030	769,012
Total assets less current liabilities	**1,949,225**	3,871,150	3,808,460	3,904,922	4,106,291
Non-current liabilities	**776,745**	2,177,635	2,132,257	1,470,272	1,759,925
NET ASSETS	**1,172,480**	1,693,515	1,676,203	2,434,650	2,346,366
Share capital	**154,050**	154,050	154,050	154,050	154,050
Reserves	**1,065,398**	1,542,257	1,509,444	2,233,906	2,145,280
Total equity attributable to equity shareholders of the Company	**1,219,448**	1,696,307	1,663,494	2,387,956	2,299,330
Non-controlling interests	**(46,968)**	(2,792)	12,709	46,694	47,036
TOTAL EQUITY	**1,172,480**	1,693,515	1,676,203	2,434,650	2,346,366
Operating results					
Revenue	**5,756,594**	6,496,351	7,942,084	6,393,306	5,720,835
(Loss)/Profit from operations	**(109,559)**	298,436	(607,744)	465,978	593,236
Finance costs	**(245,358)**	(241,736)	(239,017)	(241,281)	(156,329)
(Loss)/Profit before taxation	**(354,917)**	56,700	(846,761)	224,697	436,907
Income tax	**(147,637)**	(39,442)	138,478	(59,807)	(128,121)
(Loss)/Profit for the year	**(502,554)**	17,258	(708,283)	164,890	308,786
Attributable to:					
Equity shareholders of the Company	**(462,162)**	33,687	(673,365)	165,335	310,562
Non-controlling interests	**(40,392)**	(16,429)	(34,918)	(445)	(1,776)
(Loss)/Profit for the year	**(502,554)**	17,258	(708,283)	164,890	308,786