



**紫金礦業集團股份有限公司**  
**ZIJIN MINING GROUP COMPANY LIMITED\***

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

(Stock Code : 2899)



\*For identification purpose only





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# Corporate Information

(English translation is for reference only)

## EXECUTIVE DIRECTORS

Chen Jinghe (*Chairman*)  
Wang Jianhua (*President*)  
Qiu Xiaohua  
Lan Fusheng  
Zou Laichang  
Lin Hongfu

## NON-EXECUTIVE DIRECTOR

Li Jian

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Lu Shihua  
Ding Shida  
Qiu Guanzhou (Appointed on 23 Oct 2014)  
Sit Hoi Wah, Kenneth  
Jiang Yuzhi (Resigned on 23 Oct 2014)

## AUDIT AND INTERNAL CONTROL COMMITTEE

Lu Shihua  
Wang Jianhua (*President*)  
Qiu Xiaohua  
Li Jian  
Ding Shida  
Qiu Guanzhou (Appointed on 23 Oct 2014)  
Sit Hoi Wah, Kenneth  
Jiang Yuzhi (Resigned on 23 Oct 2014)

## AUTHORISED REPRESENTATIVE

Chen Jinghe  
Lan Fusheng

## SUPERVISORS

Lin Shuiqing  
Xu Qiang  
Zhang Yumin  
Liu Wenhong  
Fan Wensheng

## COMPANY SECRETARY

Fan Cheung Man

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 7503A, Level 75, International Commerce Centre  
1 Austin Road West, Kowloon, Hong Kong

## LEGAL ADDRESS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

1 Zijin Road, Shanghang County, Fujian Province, The PRC

## LEGAL CONSULTANT OF THE COMPANY (HONG KONG LAWS)

Li & Partners

## AUDITORS

PRC Auditors:  
Ernst & Young Hua Ming LLP

## HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

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

## WEBSITE

[www.zjky.cn](http://www.zjky.cn)

## STOCK CODE

Hong Kong Stock Exchange: 02899  
Shanghai Stock Exchange: 601899

## DEFINITION

In this report, unless otherwise indicated in the context, the following expressions have the meanings set out below:

Xinyi Zijin	Xinyi Zijin Mining Company Limited, a wholly-owned subsidiary of the Company
Ting River Hydropower	Fujian Shanghang Ting River Hydropower Co., Ltd., an associate of the Company
Minxi Xinghang	Minxi Xinghang State-owned Assets Investment Company Limited, a substantial shareholder of the Company
Xinjiang Ashele	Xinjiang Ashele Copper Company Limited, a subsidiary of the Company
Qinghai West	Qinghai West Copper Mining Company Limited, a wholly-owned subsidiary of the Company
Jin Jiang Mining	Jin Jiang Mining Limited, a wholly-owned subsidiary of the Company
Norton	Norton Gold Fields Limited, a subsidiary of the Company
Guizhou Zijin	Guizhou Zijin Mining Company Limited, a subsidiary of the Company
Zijin Copper	Zijin Copper Company Limited, a wholly-owned subsidiary of the Company
Makeng Mining	Fujian Makeng Mining Company Limited, an associate of the Company
Zijin Finance	Zijin Mining Group Finance Co., Ltd., a subsidiary of the Company
Wulatehouqi Zijin	Wulatehouqi Zijin Mining Company Limited, a subsidiary of the Company
Heilongjiang Duobaoshan	Heilongjiang Duobaoshan Copper Co., Ltd., a subsidiary of the Company
Wuqia Jinwang	Wuqia County Jinwang Mining Development Company Limited, a wholly-owned subsidiary of the Company
Xinjiang Jinbao/Jinbao Mining	Xinjiang Jinbao Mining Company Limited, a subsidiary of the Company
Hebei Chongli/Chongli Zijin	Hebei Chongli Zijin Mining Company Limited, a subsidiary of the Company
Shanxi Zijin	Shanxi Zijin Mining Company Limited, a wholly-owned subsidiary of the Company
ZGC	JV Zeravshan LLC, a subsidiary of the Company
Hunchun Zijin	Hunchun Zijin Mining Company Limited, a wholly-owned subsidiary of the Company
Longnan Zijin	Longnan Zijin Mining Company Limited, a subsidiary of the Company
NKWE	NKWE Platinum Limited, an associate of the Company
Bullabulling	Bullabulling Gold Limited, a wholly-owned subsidiary of Norton
Kunyu Mining	Luoyang Kunyu Mining Co., Ltd., a subsidiary of the Company
Jinhao Iron	Xinjiang Aletai Jinhao Iron Company Limited, a subsidiary of the Company
Fujian Zijin Investment	Fujian Zijin Investment Company Limited, a wholly-owned subsidiary of the Company
Liancheng Jiuxin	Liancheng Jiuxin Mining Company Limited, a wholly-owned subsidiary of the Company
Zijin Real Estate	Fujian Zijin Real Estate Company Limited, a wholly-owned subsidiary of the Company
Zijin Global/Shenzhen Zijin	Shenzhen Zijin Global Metals Exchange Company Limited, a subsidiary of the Company
Boshang Zijin	Xiamen Boshang Zijin E-Commerce Company Limited, a subsidiary of the Company
Yilian Gold	Shanxi Province Fanshi County Yilian Gold Mine Company Limited, a subsidiary of the Company
Xingcheng Guarantee	Fujian Shanghang Xingcheng Guarantee Co., Ltd., an associate of the Company
Zijin International Finance	Zijin International Finance Company Limited, a wholly-owned subsidiary of the Company
Jin Cheng Mining	Jin Cheng Mining Limited, a wholly-owned subsidiary of the Company
Musonoie	La Compagnie Minière de Musonoie Global SAS, a subsidiary of the Company
Xinxing Global	Xinxing Global Limited, a wholly-owned subsidiary of the Company
Pretium	Pretium Resources Inc., an associate of the Company
Longkou Jinfeng	Longkou Jinfeng Company Limited, a wholly-owned subsidiary of the Company
Jinshan Gold Refinery	Fujian Jinshan Gold Refinery Company Limited, a wholly-owned subsidiary of the Company
Jinyu	Jinyu (H.K.) International Mining Co., Ltd., a wholly-owned subsidiary of the Company
Zijin International	Zijin International Mining Co., Ltd., a wholly-owned subsidiary of the Company



## GENERAL

Zijin Mining Group Company Limited\* (the "Company") (formerly known as Fujian Zijin Mining Industry Company Limited\*) was incorporated on 6 September 2000 with the approval of the People's Government of Fujian Province as a joint stock limited company in the People's Republic of China (the "PRC") by Minxi Xinghang State-owned Assets Investment Company Limited, Shanghang County Jinshan Trading Company Limited, Xinhua Industrial Group Company Limited, Fujian Xinhua Engineering Company Limited, Xiamen Hengxing Group Company Limited, Fujian Xinhua Department Store Company Limited, Fujian Gold Group Company Limited and Fujian Minxi Geologist as its promoters.

In December 2003, the Company was listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The Company was the first Mainland gold production enterprise listed overseas. In 2004, 2005, 2006 and 2007, the Company continuously applied reserves to issue new shares four times and in April 2008, the Company issued 1.4 billion of A shares at RMB7.13 per share and was listed on the Shanghai Stock Exchange on 25 April 2008 at a nominal value of RMB0.1 each. Pursuant to a resolution passed at the 2010 annual general meeting held for the purpose of approving, among other matters, the proposal of conversion of capital reserve into share capital, on the basis of 5 new shares for every 10 existing shares, additional 7,270,654,550 shares have been issued on the basis of total 14,541,309,100 shares in issue at the end of 2010. After the conversion, the total number of shares increased to 21,811,963,650 shares. The Company implemented repurchase of H shares from 21 August 2013 to 7 February 2014 and repurchased 166,108,000 H shares in total. The shares repurchased mentioned above were cancelled. The total number of shares of the Company decreased by 166,108,000, and the registered capital decreased by RMB16,610,800. After the deduction, the total number of shares of the Company was 21,645,855,650, and the registered capital was RMB2,164,585,565. 73,042,000 H Shares were repurchased during the period from 15 September 2014 to 18 November 2014, but have not yet been cancelled pending completion of the change of business registration with relevant PRC authorities. After deduction of the repurchased shares, as at 31 December 2014, the registered capital of the Company was RMB2,157,281,365 comprising 5,769,010,000 H Shares, representing about 26.74% of the total issued shares, and 15,803,803,650 A Shares, representing about 73.26% of the total issued shares.

The Company and its subsidiaries (the "Group") are a comprehensive mining conglomerate in the PRC primarily engaged in gold production, and specifically engaged in the exploration, mining, and sale of gold and other non-ferrous metals. The Group produced about 158,924kg of gold (including 33,727kg of mine-produced gold) in year 2014.

As at the end of 2014, the Group owns 236 mining rights covering a total area of 794.8719 square kilometers and 274 exploration rights covering a total area of 3,873.36 square kilometers.

**This report is published in both Chinese and English. In case of any discrepancies, the Chinese version shall prevail over its English version.**

# Financial Highlights

(English translation is for reference only)

In this annual report, unless otherwise stated, monetary units are denominated in Renminbi.

## 2010 TO 2014 FINANCIAL INFORMATION AS PREPARED IN ACCORDANCE WITH CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES ("CAS") AND THE RELATED LAWS AND REGULATIONS:

For the year ended 31 December

Currency: RMB

	2014	2013	2012	2011	2010
<b>Operating income</b>	<b>58,760,533,928</b>	49,771,511,898	48,414,719,206	39,763,915,441	28,539,578,900
Less: Operating costs	<b>50,881,767,555</b>	40,846,480,113	36,374,864,074	27,536,543,588	18,337,383,129
Taxes and surcharges	<b>838,416,174</b>	719,196,040	541,098,426	382,045,241	352,964,119
Selling expenses	<b>905,512,920</b>	525,665,748	596,860,745	433,256,436	468,769,177
Administrative expenses	<b>2,175,124,236</b>	2,165,817,191	1,874,254,433	1,609,339,207	1,362,043,598
Financial expenses	<b>767,954,016</b>	733,059,904	803,965,178	496,400,784	190,780,667
Impairment losses on assets	<b>362,952,805</b>	792,141,366	270,720,072	202,878,294	175,688,227
Add: Gains/(losses) on changes in fair value	<b>(141,213,373)</b>	18,736,057	12,986,146	(57,130,642)	107,325,325
Investment income	<b>772,566,108</b>	13,767,646	639,884,580	561,775,828	207,630,138
Including: Share of profits of associates and joint ventures	<b>21,433,814</b>	117,156,560	242,514,892	205,253,368	137,365,606
<b>Operating profit</b>	<b>3,460,158,957</b>	4,021,655,239	8,605,827,004	9,608,097,077	7,966,905,446
Add: Non-operating income	<b>236,741,221</b>	223,486,351	220,898,413	134,572,479	99,971,340
Less: Non-operating expenses	<b>372,762,188</b>	410,440,020	270,666,100	466,367,867	735,305,014
Including: Losses on disposal of non-current assets	<b>151,038,028</b>	126,942,650	42,731,004	41,842,806	78,834,417
<b>PROFIT BEFORE TAX</b>	<b>3,324,137,990</b>	3,834,701,570	8,556,059,317	9,276,301,689	7,331,571,772
Less: Income tax expenses	<b>688,695,999</b>	973,432,498	2,402,806,003	2,365,776,280	1,575,823,347
<b>NET PROFIT</b>	<b>2,635,441,991</b>	2,861,269,072	6,153,253,314	6,910,525,409	5,755,748,425
<b>Attributable to owners of the parent</b>	<b>2,345,062,669</b>	2,125,353,823	5,211,208,977	5,712,569,100	4,827,916,726
<b>Non-controlling interests</b>	<b>290,379,322</b>	735,915,249	942,044,337	1,197,956,309	927,831,699
<b>OTHER COMPREHENSIVE INCOME</b>	<b>(7,344,471)</b>	(91,457,539)	146,597,757	(894,452,113)	344,979,505
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>2,628,097,520</b>	2,769,811,533	6,299,851,071	6,016,073,296	6,100,727,930
Attributable to:					
Owners of the parent	<b>2,357,500,157</b>	2,052,125,431	5,357,778,200	4,818,341,189	5,172,154,730
Non-controlling interests	<b>270,597,363</b>	717,686,102	942,072,871	1,197,732,107	928,573,200

## Financial Highlights *(continued)*

*(English translation is for reference only)*

### As at 31 December

	<b>2014</b>	2013	2012	2011	2010
	<b>RMB'000</b>	RMB'000	RMB'000	RMB'000	RMB'000
<b>Assets and liabilities</b>					
Total assets	<b>75,159,588</b>	66,898,389	67,354,421	52,320,199	38,401,232
Total liabilities	<b>41,490,665</b>	33,812,937	33,771,455	22,187,522	12,372,562
Non-controlling interests	<b>5,609,468</b>	5,473,194	5,401,377	5,124,066	4,197,100
Equity holders of the parent	<b>28,059,455</b>	27,612,258	28,181,589	25,008,611	21,831,570

### LIQUIDITY

	<b>2014</b>	2013	2012	2011	2010
	<b>RMB'000</b>	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	<b>3,511,760</b>	4,020,933	6,314,740	4,917,188	3,791,472
Current ratio (%)	<b>83.5</b>	89.8	106	110	115
Trade receivables turnover (days)	<b>5.46</b>	5.04	5.09	5.36	6.92

To all shareholders,

I wish to take this opportunity to express my sincere gratitude for your trust and support to Zijin Mining Group Company Limited\*. I am pleased to report herewith the operating results of the Group for the year ended 31 December 2014 as follows:

In 2014, the Group achieved a sales income (turnover) of RMB58,760,533,928, representing an increase of 18.06% over the previous year, and achieved a net profit after tax (attributable to owners of the parent) of RMB2,345,062,669, representing an increase of 10.34% over the previous year. Earnings per share (basic) was RMB0.11, representing an increase of 10% over the previous year (the calculation of earnings per share is based on the profit for the year attributable to owners of the parent of RMB2,345,062,669 (2013: RMB2,125,353,823) and the weighted average number of ordinary shares outstanding in the year ended 31 December 2014 of 21,634,580,077 ordinary shares (2013: 21,796,121,080 shares) in issue during the year).

## MARKET OVERVIEW

In 2014, under the backdrop of a slowdown in Chinese economy, the US leading the recovery in global economy, gradual tightening in monetary policy by the US Federal Reserve and the exit of quantitative easing ("QE"), metal prices were generally under pressure, remained in declining trends or fluctuated in their low ranges. The average prices of major types of gold at Shanghai Gold Exchange dropped 10.42% over the previous year. The average prices of copper in London and Shanghai dropped 6.37% and 7.87% respectively. The average prices of zinc in London and Shanghai rose 13.2% and 6.7% respectively.

## CONDITION OF THE INDUSTRY

According to the statistics of China Gold Association, in 2014, the national gold production was 451.799 tonnes, representing an increase of 23.636 tonnes or 5.52% over the same period in 2013. Among that, 368.364 tonnes were mined-produced gold, representing an increase of 4.96% over the same period in 2013; 83.435 tonnes were gold by-product from non-ferrous metals, representing 8.07% increase over the same period in 2013. China has been the country of the largest gold production in a succession of 8 years. Most of the gold enterprises suffered from significant decline in profits.

## BUSINESS OVERVIEW

During the reporting period, in response to the severe challenges posed by continual declines in the prices of gold, copper and other major products, the Company had taken an early step to study and determine strategic plans, pushed for early implementation of working plans, and firmly gripped on its active role to motivate both production and operation, thus enabling certain degree of increase in the production volume across all mineral products in 2014 compared with the same period last year.

During the reporting period, the Group realized operating income of RMB58.761 billion, representing an increase of 18.06% when compared with the same period last year (2013: RMB49.772 billion); net profit attributable to owners of the parent was RMB2.345 billion, representing an increase of 10.34% when compared with the same period last year (2013: RMB2.125 billion).

As at the end of 2014, the Group's total assets was RMB75.160 billion, representing an increase of 12.35% over the beginning of the year (beginning of the year: RMB66.898 billion); net assets attributable to owners of the parent was RMB28.059 billion, representing an increase of 1.62% over the beginning of the year (beginning of the year: RMB27.612 billion).

## GOLD BUSINESS

During the reporting period, the Group produced a total of 158,924kg (5,109,521 ounces) of gold, representing an increase of 46.42% when compared with the same period last year (2013: 108,540kg).

In which, 33,727kg (1,084,347 ounces) of mine-produced gold was produced, representing an increase of 6.42% when compared with same period last year (2013: 31,693kg). The production of major mines are as follow: Zijinshan gold mine produced 10,322kg (331,860 ounces), Norton of Australia produced 5,545kg (178,276 ounces), Longnan Zijin produced 2,532kg (81,406 ounces), Chongli Zijin produced 2,360kg (75,876 ounces), ZGC produced 2,124 kg (68,288 ounces), Hunchun Zijin produced 2,081kg (66,906 ounces), Guizhou Shuiyindong gold mine produced 1,853kg (59,576 ounces) and other gold production entities of the Group produced 6,910kg (222,161 ounces).



## Chairman's Statement *(continued)*

*(English translation is for reference only)*

During the reporting period, the Group produced a total of 125,197kg (4,025,174 ounces) of refinery gold, representing an increase of 62.92% over the same period last year (2013: 76,847kg).

Sales income from the gold business of the Group represented about 61.43% (after elimination) of the total annual operating income. Gross profit of the gold business represented about 37.18% of the gross profit of the Group.

(1 troy ounce = 31.1035g)

### **COPPER BUSINESS**

During the reporting period, the Group produced a total of 373,612 tonnes of copper, representing an increase of 12.27% over the same period last year (2013: 332,792 tonnes).

In which, 138,462 tonnes of copper was produced from mines (including 17,741 tonnes of copper cathodes), representing an increase of 10.72% over the same period last year (2013: 125,060 tonnes). The production of major mines are as follow: Zijinshan copper mine produced 38,328 tonnes of copper (including 17,034 tonnes of copper cathodes), Ashele copper mine produced copper concentrates containing copper of 33,018 tonnes, Duobaoshan copper mine produced 26,821 tonnes of copper (including 707 tonnes of copper cathodes), Qinghai Deerni copper mine produced copper concentrates containing copper of 26,114 tonnes, Hunchun Zijin produced copper concentrates containing copper of 9,196 tonnes and other mines produced copper of 4,985 tonnes in total.

The Group produced 235,150 tonnes of copper from refinery plants, representing an increase of 13.20% over the same period last year (2013: 207,732 tonnes).

Sales income from the copper business represented 23.02% (after elimination) of the annual total operating income. Gross profit of the copper business represented about 31.79% of the gross profit of the Group.

### **LEAD AND ZINC BUSINESS**

During the reporting period, the Group produced zinc of 300,485 tonnes, representing an increase of 18.59% over the same period last year (2013: 253,388 tonnes).

In which, the Group produced zinc concentrates containing zinc of 96,261 tonnes, representing an increase of 33.57% when compared with same period last year (2013: 72,067 tonnes). The production of major mines are as follow: Wuqia Jinwang produced zinc concentrates containing zinc of 40,651 tonnes, Wulatehouqi Zijin produced zinc concentrates containing zinc of 40,214 tonnes, Ashele copper mine produced zinc concentrates containing zinc of 12,996 tonnes and other entities in the Group produced zinc concentrates containing zinc of 2,400 tonnes.

204,223 tonnes of zinc bullion from refinery was produced, representing an increase of 12.64% over the same period last year (2013: 181,312 tonnes).

During the reporting period, the Group produced lead concentrates containing lead of 10,995 tonnes, representing an increase of 23.48% over the same period last year (2013: 8,904 tonnes).

Sales income from lead and zinc mine business represented about 5.47% (after elimination) of total annual operating income, and the gross profit from lead and zinc mine business represented about 8.07% of the gross profit of the Group.

### **IRON MINE, SILVER AND OTHER BUSINESS**

During the reporting period, the Group produced silver of 316,867kg, representing a decrease of 3.25% over the same period last year (2013: 327,506kg), of which 145,782kg of silver was produced from refinery as by-product, representing a decrease of 16.09% over the same period last year (2013: 173,733kg); 171,085kg of silver was produced from mines, representing an increase of 11.26% over the same period last year (2013: 153,773kg).

During the reporting period, the Group produced iron concentrates of 2,800,000 tonnes, representing an increase of 7.28% over the same period last year (2013: 2,610,000 tonnes).

Sales income from iron mine, silver and other products represented about 10.08% (after elimination) of total annual operating income, and the gross profit from iron mine, silver and other products represented about 22.96% of the gross profit of the Group.

## Geological exploration and status of resources and reserves

During the reporting period, the Group invested RMB348 million in geological exploration in aggregate, and the volume of the actual works completed included the following: 333,400 meters of drilling, 11,300 meters of tunnel exploration, and 36,400 cubic meters of trench exploration. The relatively significant progress in geological exploration increased the resources volume (unaudited) by the following: 66.65 tonnes of gold, 186,200 tonnes of copper, 153,900 tonnes of lead and zinc, 13.603 million tonnes of iron, and 199 million tonnes of coal. Among all, the exploration projects including Gansu Liba gold mine, Guizhou Zijin Bojitian and Shuiyindong gold mine, Paddington gold mine of Norton, Guizhou Qinglong coal mine, Zijinshan mining area northeastern section copper (molybdenum) mine, Xinjiang Ashele copper mine deep border exploration and Xinjiang Wulagen lead and zinc mine, etc. achieved magnificent results.

As at the end of 2014, the Group owned 236 mining rights covering a total area of 794.8719 square kilometers and 274 exploration rights covering a total area of 3,873.36 square kilometers.

The table below sets out the assessed resource/reserve volume of the Group's major mines at the end of 2014:

### Summary of resource/reserve volume of the Group's major mines in 2014

Type of mine	2014 (grade 333 or above)	2013 (grade 333 or above)	Growth rate over same period last year
Gold (t)	<b>1,210.2</b>	1,072.7	12.82%
Gold associated with other metals (t)	<b>131.3</b>	127.4	3.06%
Sub-total of gold (t)	<b>1,341.5</b>	1,200.1	11.78%
Copper (Mt)	<b>15.433</b>	13.624	13.28%
Silver (t)	<b>1,507.2</b>	1,413.2	6.65%
Molybdenum (Mt)	<b>0.722</b>	0.724	-0.28%
Zinc (Mt)	<b>9.167</b>	9.268	-1.09%
Lead (Mt)	<b>1.704</b>	1.719	-0.87%
Tungsten (Mt)	<b>0.125</b>	0.1699	-26.43%
Tin (Mt)	<b>0.1399</b>	0.1399	0.00%
Iron (Mt)	<b>229</b>	236	-2.97%
Coal (Mt)	<b>489</b>	489	0.00%

For the purpose of making comparison between domestic and international standards, the Company, for the 3 years beginning from 2011, appointed Golder Associates Consulting Limited ("Golder") and SRK Consulting China Ltd. ("SRK") to conduct verification on the major mines owned by the Company (including some projects under the stage of exploration) in accordance with the "NI 43-101" technical standards or JORC technical indication, and submitted the mineral resources disclosure reports signed by the competent persons. The verification results were compared with those measured by domestic standards, and were disclosed in the annual reports of the Company every year. Up to the disclosure of the 2013 annual report, the Company had basically completed the verification on reserve volume based on international standards, and it has proven to be reliable by using domestic standards to confirm the resource volume owned. The expected result was achieved. Since the verification results based on international standards are unable to integrate effectively with domestic resource and reserve management, and the annual expense on hiring agencies is huge, the Company has decided not to conduct verification on reserve volume by international standards anymore unless otherwise requested by regulatory authorities.

## Chairman's Statement *(continued)*

*(English translation is for reference only)*

### **Continued to strengthen the supervision on work safety and environmental protection and a good trend was sustained**

During the reporting period, the Company further improved the awareness on the importance in respect of work safety and environmental protection, taking it as a crucial part which forms the value and core competitiveness of the Company. The Company mobilized all business units to earnestly learn and thoroughly adopt the newly implemented Production Safety Law and Environmental Protection Law, placed even more efforts on tackling challenges created by energy saving and reducing emission, passionately built up "a beautiful Zijin", rigorously adopted the accountability system on work safety and environmental protection, all of these measures resulted in a better progress on the development of work safety and environmental protection. The Company also strongly pushed for progress on the project of "zero discharge" of industrial waste water. In 2014, 11 enterprises of the Group successfully achieved "zero discharge" of industrial waste water. Moreover, the Group was proactive in the creation and construction of green mines, as reflected by the fact that 7 more enterprises of the Group were included in the fourth batch of national green mines pilot units of the Ministry of National Land and Resources of the PRC and were granted plates.

### **Strengthened the force to push for marketization reform, significantly improving efficiency in operation and management**

During the reporting period, the Company attached greater importance to the using of market means to enhance management over its subsidiaries and associates, strengthened and quantified the direction of assessment on the performance and compliant operation of the economic accountability system, and motivated subsidiaries and associates to achieve higher operational efficiency, reduce energy consumption, lower costs while increasing efficiency, and having good control to ensure invested projects going into production and delivering expected performance on time. As refinery and processing enterprises were more focused on the exploration of their development potential, increase in efficiency and resource integration, the overall reduction in loss was huge and the result was significant. The Company also insisted on "catching the big ones while letting go of the small ones" by implementing closure, merger and transfer of its subsidiaries and associates and properly proceeding with asset disposals. It also actively made progress on the marketization reform of exploration. To boost labour productivity, the Company also pushed for major reforms in human resources system and raised competition in the employment of new positions.

### **Made steady progress in merger and acquisition, achieved new progress in internationalization and acquisition of resources and reserves**

During the reporting period, the Company successfully acquired: the Kolwezi copper mine in the Democratic Republic of the Congo (the "DR Congo"), which provides the Company with more opportunities to participate in the development of mineral resources in Africa. The project possesses 1.54 million tonnes of copper resources with an average grade of approximately 4%. A special team dedicated to the construction of the project is already in place and is presently working on the development and construction of the mine in full swing; 26.35% equity interest in NKWE in South Africa, from which the Company obtained approximately 4.53 million ounces (equivalent to 141 tonnes) of 3PGE+Au platinum group resources according to the shareholding acquired; Bullabulling Gold Limited by an all cash takeover under Norton of Australia, adding 3.75 million ounces of gold resources (equivalent to 117 tonnes) to the Company and participated in the subscription of shares of Pretium Resources Inc. and became one of its major shareholders.

In terms of domestic acquisition, the Company successfully acquired 70% equity interest in Kunyu Mining in Henan Province, and 10% equity interest in Makeng iron mine in Longyan City, Fujian Province. The equity interest in Makeng iron mine held by the Company has increased to 41.5%.

### **Construction projects progressed in an orderly manner, directed mining facilities to move towards more advanced technology and more sizeable equipment**

The Company prioritized and rigorously managed various tasks associated with the major construction projects. During the reporting period, the Company invested RMB3.631 billion in project construction. The Group has managed to bring important construction projects within and outside the country including Inner Mongolia Sanguikou zinc and multi-metals 10,000 tonnes/day mining and processing project, Xinjiang Wulagen lead and zinc mine 10,000 tonnes/day technological innovation project, Russian Tuva zinc and multi-metals mine 5,000 tonnes/day project, Kyrgyzstan Zuoan gold mine 2,500 tonnes/day mining, processing and refining project, and Tajikistan Jilau gold mine 10,000 tonnes/day mining and processing project, etc., overcame all levels of difficulties, basically completed the constructions and the projects were put into production. The model of outsourcing under engineering, procurement and construction (EPC) contract for development of the Xinjiang Wulagen lead and zinc project achieved satisfactory results, gaining valuable experience for the promotion of a new model of internal project management with Zijin characteristics.



The Company attached great importance to and urged for changes and upgrade in suitable major mines to move towards more advanced technology in their mining and processing systems, and use more sizeable equipment. Among which Ashele copper mine, Longnan Zijin and Jinbao Mining have been able to sustain improvements in the use of sizeable equipment and standardizing their mining and processing fields. This helps provide advanced experience that the Group can tap into the process of achieving standardization.

### **Strengthened technological innovation and urged production units to boost production and efficiency**

During the reporting period, the technological effort of the Company mainly concentrated on the need in production and operation and strategic development, which included integration of technological resources, enabling expert teams and various scientific research institutions to deploy the best of their capacity, concentrating efforts to tackle technological bottlenecks faced by the front line production division, conducting evaluation and technological innovation service on major projects, and realizing cost reduction while increasing efficiency by the use of science and technology. Among which the recovery rate of ore processing of Chongli Zijin, Longnan Zijin and Nanwenhe tungsten mine achieved more significant breakthrough. The experiment on the continuous process of Guizhou Zijin hot-pressing, pre-oxidation project also generated good technological and economic indicators. The construction of the first ever industrialised system in the country for handling refractory gold ores by hot-pressing, pre-oxidation has begun.

The Company optimized the construction and operational maintenance of its technological innovation platform, mobilized staff from all fronts to complete the inspection and acceptance tasks at the State Key Laboratory. The academician and expert exemplary work station was awarded alongside others as one of the first batch of ten "Fujian Province Academician and Expert Exemplary Work Station" throughout the entire province.

### **Enhanced the construction of operation and management platforms and explored new methods to integrate production with financing**

During the reporting period, the Company enhanced its financial management and control and proceeded with the building of financing platforms to raise the quality of management and control as well as reduce financing costs. Efforts were also made to put forth the construction of information platforms and to flatten management structure. Moreover, the construction of a sales and logistics platform continued to make progress in an aim to raise sales premium as well as lower the level of procurement costs.

By taking advantage of its competitive edges in the industry and the spot market, the Company has in turn founded two e-commerce trading companies, namely the Zijin Global Metals Exchange and Boshang Zijin E-Commerce Company Limited, to construct online platforms for spot exchange of metals and explore new methods to merge production with financing.

### **Corporate culture took a leading role, achievements were made in the implementation of social responsibility**

The Company began the "responsibility is above all" campaign with the objective to rigorously rectify the working style and contribution by cadres and boost the awareness and sense of responsibility of all staff. Satisfactory results were achieved from such campaign.

The Company is committed to explicitly and comprehensively fulfilling its social responsibility. While dedicated to boosting the economic efficiency of the Company and striving to create greater values for shareholders and the society, the Company, its subsidiaries and associates also pay various taxes in compliance with the applicable laws and regulations, pay close attention to environmental protection and energy saving, care for employees, consumers and suppliers, and actively engage in charitable events to accomplish the wider goal of achieving harmony and union between corporate development, the society, environment and other stakeholders. The Company was awarded the "Red Cross Gold Merit Badge" by the Fujian Branch, Red Cross Society of China in 2014, and donated RMB186 million in aggregate during the year.

## PROSPECTS

### The Board's discussion and analysis on the Company's future development

#### (1) Competition landscape and development trend in the industry

In 2015, while the continuance of a strong US economy and US Dollar is anticipated, Chinese economy is likely to enter a stage of "new normal" with medium to high growth rate. The soft economies in Japan and Eurozone will intensify, and emerging economies such as India are also going to face pressure from the restructuring of their economies. The International Monetary Fund has already revised its global economic growth forecast downward for 2015. Overall, gold price is expected to remain fluctuating in the bottom range. Prices of bulk commodities such as basic metals will continue to be under pressure. In particular, copper and other types of metals with accommodative supply will continue to face more downside pressure.

#### (2) Development strategies of the Company

The economic situation and the landscape of mining industry both within and outside China have undergone drastic changes. Global mining industry has entered a new phase of adjustment, in which cost will become the most important foundation for the survival of an enterprise. Under the current market condition, the Company is still capable of achieving as much as 44% of gross profit margin for its mining products, and while most of the mining enterprises have suffered from a negative growth in profits, the Company has managed to realize 10% increase in net profit against the adverse market condition. These have fully demonstrated the strong competitiveness of the Company in the industry. Presently, the market of mining industry is undergoing fundamental adjustment. This provides the Company with good opportunities for merger and acquisition. The Company will take this chance to promote a new round of development with strong determination, continue to exhibit the mindset of Zijin being "founding business from direst situations with innovations", follow the guidance of the market, and adhere to the value creation principle to ceaselessly adapt to new trends and realize new developments. All these strategies are to make sure that the Company will become an extra-large scale international mining group with high technology and efficiency by 2030.

#### (3) Business plans

The planned production volumes of major products of the Company for year 2015 are: mine-produced gold of 36 tonnes, mine-produced copper of 150,000 tonnes, mine-produced lead and zinc of 210,000 tonnes, iron concentrates of 3 million tonnes; refinery and processed gold of 117 tonnes, refinery silver of 169 tonnes, refinery copper of 250,000 tonnes and refinery zinc of 200,000 tonnes.

The above plan was made on the basis of the current economic condition, market situation and the existing conditions of the Company. The board of directors ("Board") may amend the production plan from time to time in accordance with the relevant circumstances.

#### (4) Specific business strategies for 2015

By focusing on "clinging to reforms, keeping growth and boosting development", the Company will stimulate corporate potential through serial of forceful reforms, achieve effective cost control by increasing production volume of products, ensure the business targets of the Company will be met with the effective use of financial instruments under favourable market conditions, significantly enlarge the volume of resources under control by merger and acquisition and exploration, and further enhance the level of work safety and environmental protection as well as nurture corporate sustainability by utilizing modern information technology to transform the conventional systems of management, production and control.

##### 1. Strive for reform and changes, be innovative and promote serial of reforms across human resources, logistics, construction, management and organization

The Company will reform labour and human resources structure under the new trend, introduce mechanism of competition and elimination, grasp the opportunities arising from fundamental adjustment in the market of mining industry, train and recruit a high quality pool of talents, especially talents for international businesses. The Company will focus on nurturing high quality production labour, based on market standards to reform the systems of appraisal, appointment and remuneration.

The Company will fully deploy the standardized, professional management skills and service duty of the Company to accomplish tasks of procurement, sales of product and projects construction, etc.

The Company will enhance management on project initiation, improve the control on the procedures of assessment and approval of project initiation, and continue to make best efforts in subsequent evaluation; improve the quality of project design, strengthen and optimize the process of reasoning and the assessment and approval on designs, enhance control in investment; rigorously control every procedure of the projects, enhance the construction and assessment mechanism, promote the formation of a construction conglomerate, apply EPC model of outsourcing on internal construction projects, and foster core competitiveness of construction business.

The Company will make use of information technology to better utilize the digital platform of the Group, thoroughly push for transformation in the financial, logistics, production, technological and management systems of the Group and its subsidiaries and associates, and effectively enhance basic management ability.

The Company will actively progress on the construction of a financial sharing centre and financial management decision analytic system, which will adequately and effectively serve the duty of financial control by the Group, and enhance the financial control capability of the Group. The Company will flexibly respond to changes in circumstances, innovate on the financing channels, carefully control interest rate risks and foreign exchange risks.

The Company will proactively explore possibilities of integration between production, financing and the internet economy, reap the benefits of Shenzhen Zijin and Boshang Zijin e-commerce trading platforms to construct a uniform sales platform by phases and improve the value-adding capability of procurement, sales, logistics and management.

**2. Follow target assessment indicators as the core principle to fully realize the mission in production, operation and construction for 2015**

The Company will insist on the direction of proper assessment, strengthen the assessment on the implementation of the 5 main measures including "boosting efficiency, regulating and upgrading mining teams, lowering purchasing cost, pursuing technological innovation and implementing organizational reform", actively and effectively utilize the economic accountability-based assessment, enhance the coverage, frequency and depth of management.

In terms of volume preservation, as a profitable enterprise boosting and increasing its efficiency will have a deep impact on the Group, it is necessary to properly adopt the "one enterprise one policy" principle to push for further upgrade. The Company will continue to exercise rigorous control on loss-making enterprises to help them reduce and manage losses. Refinery and processing enterprises shall build up confidence, take strong and effective measures to push forward reform and contribute to the growth of the Company. The Company will continue to encourage and persist on the initiatives of upsizing, digitalization and technological innovation to promote strategic reduction in cost, pay close attention to the utilization and development of new technologies, new equipment, new materials and new energy, further upgrade the precision in management, strengthen cost control, and ensure that the corporation maintains its excellent competitiveness under the "new normal" situation.

In terms of increasing volume, the major focus of 2015 is to ensure the sizable projects under construction, namely Russian Tuva lead and zinc mine, Inner Mongolia Sanguikou lead and zinc mine, renovation on the Wuqia Wulagen 10,000 tonnes processing plant, Tajikistan ZGC 10,000 tonnes processing plant and Kyrgyzstan Zuoan gold mine, etc., are equipped with optimal systems and are able to reach the targets on production volume and productivity as soon as possible; actively push for progress in the DR Congo copper mine, the newly built flotation processing plant in the Zijinshan copper mine, Ashele copper mine deep border exploration project, and the core parts of the construction projects that are for sustainably increasing the productivity in Luoning Huatai and Chongli Zijin. Progress will also be accelerated on the Guizhou Zijin hot-pressing, pre-oxidation technological innovation project to contribute to the increase in productivity from now on.

By the use of financial leverage in hedging, the Company will be able to benefit from reduced market uncertainties and achieve stable income as expected.



# Chairman's Statement *(continued)*

*(English translation is for reference only)*

### **3. Improve the quality of international acquisition, place more efforts on ore prospecting and strive for breakthroughs in increase of resources**

In 2015, the Company shall, by adhering to the prescribed strategy and developmental framework of the Company, seize the opportunities arising from the adjustment cycle in global mining industry to strive for breakthroughs in the merger and acquisition of projects with premium resources, accomplish significant increase in the volume of mineral resources controlled by the Company while improving on quality, strive to acquire companies with existing scale of production and efficiency into the Group, and to significantly increase the production volume of major products and market share of the Company's products.

For exploration, the Company will place more efforts to seek for new deposits through the presently owned mines. There are 16 major projects to work on, including Gansu Longnan, Henan Luoning, Yunnan Shangri-La, Malipo, Hebei Chongli, etc., and exploration for overseas projects in Central Asia, Norton and so on.

### **4. Follow the guidance of the market and base on value creation principle to deeply push for marketization within the Group**

By focusing on marketization and adhering to value creation principle, the Company will continue to deeply promote marketization within the Group, as well as to amass the merits of capital, staff and favourable policies towards the core enterprises. The Company will also modify the outsourcing mechanism to include more market elements, and thoroughly explore and deeply push for marketization on the internal management mechanism in respect of mining, exploration, geology of mines, processing and refinery. Moreover, the Company will strengthen management on the exploration of mining enterprises, move thoroughly towards marketization on both exploration and the respective construction of a smooth operational and management system, uphold the principle of marketization to protect the mutual beneficiary relationship between the Company and the mining teams with the suppliers, manage the non-mining business of the Company and dispose loss-making and idle enterprises.

### **5. Adhere to the "double zero" target in work safety and environmental protection, pursue fundamental work safety and environmental protection**

The Company will thoroughly understand and implement the directives in respect of safety production and ecological protection by the State Council, earnestly study the requirements under the newly implemented Production Safety Law and Environmental Protection Law, continue to adopt the principle of "life comes first, environmental protection is given priority" in work safety and environmental protection with all efforts, strengthen and implement core responsibility of the enterprises on work safety and environmental protection, practically bring the works associated with work safety and environmental protection to a new level, exercise rigorous control on both safety and efficiency, and promote fundamental work safety while improving on efficiency.

### **6. Commit more efforts to the building of corporate culture, actively fulfill social responsibility**

Taking the Group as a working centre, the Company will commit more efforts to the building of corporate culture, boost the cohesion and competitiveness of the corporation, thoroughly practise and implement the "human-oriented, explore and innovate" mindset of operation. The Company will actively fulfill social responsibility, making the best efforts to enforce the core value of "creating wealth in harmony, striking balancing development between corporation, employees and society".

### **Capital needs for sustaining current business and completing invested projects under construction**

In accordance with the Company's preliminary plan, it is expected that in 2015, the Company might invest approximately RMB2.169 billion in infrastructure construction of projects (excluding the US\$180 million investment in the DR Congo copper mine project), approximately RMB338 million in exploration, approximately RMB10 billion of capital expenditures (initial estimation with high uncertainty) in external capital investment such as mining rights investment and equity investment. All the capital expenditures mentioned above will be financed by the Group's internal funds, bank borrowings, issuance of mid-term bonds and other feasible financing methods.

### **Possible risks**

The Group's main source of income is from metal products such as gold, copper, zinc, iron, etc. The fluctuation in the prices of the abovementioned products will result in instability in the Company's performance. Since 2013, the prices of metals including the Company's main products, gold and copper, have declined continuously. As the prices of metals become rational, the Group's operating results will suffer more pressure. In 2015, the Group will strive to unleash the potential of the mines in production, pay close attention to bring the newly commenced projects to reach their production and performance targets as soon as possible, prioritize cost control as the most important task in production and operation, efficiently utilize financial instruments to avoid the operational risks associated with significant decline in product prices, strive to merge and acquire major profitable operational projects, and make the best effort to realize the expected operational targets.

Mining is an industry with relatively high environmental and work safety risks. The pressure faced by the Group is quite high. However, the Group will hold on to this "high pressure" management mentality for better control on work safety and environmental protection, insist on forceful means both for rewards and penalty, fulfill the work safety and environmental protection corporate responsibility by reference to the requirements under the new environmental protection laws and regulations, closely monitor on the progress of both work safety and efficiency, and promote fundamental work safety while boosting efficiency.

By order of the Board of Directors

**Chen Jinghe**

*Chairman*

Shanghang, Fujian, the PRC

20 March 2015

# Management Discussion and Analysis

(English translation is for reference only)

The management of the Group hereby reports the discussion and analysis of 2014 operating results.

## ANALYSIS OF MAJOR BUSINESSES

### 1. Operating results

During the reporting period, the Group recorded operating income of RMB58.761 billion, representing an increase of 18.06% over the same period of the previous year (2013: RMB49.772 billion).

The table below sets out the sales by products for the two years ended 31 December 2013 and 2014:

Item Product Name	2014			2013			% increase/ decrease in unit price
	Unit price (excluded tax) RMB	Sales volume	Amount (RMB'000)	Unit price (excluded tax) RMB	Sales volume	Amount (RMB'000)	
Mine-produced gold	232.00/g	33,776kg	7,836,240	266.09/g	32,050kg	8,528,010	-12.81%
Refinery and processed gold	248.84/g	125,093kg	31,127,820	274.39/g	77,225kg	21,189,880	-9.31%
Mine-produced silver	2.47/g	171,617kg	423,910	2.92/g	157,397kg	459,090	-15.41%
Mine-produced copper	35,804/t	136,838t	4,899,390	39,422/t	125,571t	4,950,270	-9.18%
Refinery copper	41,872/t	234,939t	9,837,400	45,155/t	209,063t	9,440,210	-7.27%
Mine-produced zinc	8,146/t	96,416t	785,360	7,570/t	75,327t	570,200	7.61%
Refinery zinc	13,612/t	207,303t	2,821,850	12,881/t	181,228t	2,334,350	5.68%
Iron concentrates	535/t	2.8293Mt	1,514,140	631/t	2.5689Mt	1,621,480	-15.21%
Others (Note 1)			7,120,700			7,858,130	
Less: Internal sales			-7,606,280			-7,180,110	
Total			58,760,530			49,771,510	

Note 1: During the reporting period, other sales income mainly includes: RMB874 million from spheroidal graphite iron, RMB676 million from copper pipe, RMB614 million from copperplate, RMB503 million from refinery and processed silver, RMB223 million from vitriol and RMB4.231 billion from other products, intermediate services and other services.

The Group's operating income increased significantly for the year ended 31 December 2014 as compared with the same period last year which was mainly due to the following reasons: the sales volume of the Company's refinery products increased sharply over the same period last year, the sales volume of refinery and processed gold, refinery copper and refinery zinc increased by 61.98%, 12.38% and 14.39% respectively.

### 2. An Analysis of Cost and Gross Profit Margin

The Group is mainly engaged in mine development, supplemented by refinery processing. The Group's cost of sales of products mainly includes mining, processing, refining, mineral products and concentrates procurement costs, ore transportation costs, raw materials consumption, energy, salaries and depreciation of fixed assets, etc.

The table below sets out the details of the unit cost of sales and gross profit margin by products for the two years ended 31 December 2013 and 2014. (Note 1)

Item Year	Unit cost of sales (RMB)				Gross profit margin (%)	
	2014	2013	Unit	Compared with same period last year %	2014	2013
Mine-produced gold	143.95	152.34	/g	-5.51	37.95	42.75
Refinery and processed gold	248.24	275.22	/g	-9.80	0.24	-0.30
Mine-produced silver	1.62	1.76	/g	-7.95	34.42	39.66
Mine-produced copper	18,467	17,908	/t	3.12	48.42	54.57
Refinery copper	41,391	45,861	/t	-9.75	1.15	-1.56
Mine-produced zinc	3,509	3,862	/t	-9.14	56.92	48.98
Refinery zinc	12,971	12,519	/t	3.61	4.71	2.81
Iron concentrates	189.39	213	/t	-11.08	64.61	66.26
Overall					13.41	17.93
Overall (refinery and processing enterprises excluded)					44.32	48.97



# Management Discussion and Analysis *(continued)*

*(English translation is for reference only)*

Note 1: The gross profit margin by products was calculated based on the figures before offsetting internal sales, the overall gross profit margin was calculated after offsetting internal sales.

Among the mine-produced products, the unit cost of sales of all products decreased in different extents except that of mine-produced copper which slightly increased over the previous year. The effect of cost control is significant.

Among the mine-produced products, the gross profit margin of all products decreased except that of mine-produced zinc which increased. It was mainly due to the substantial decline in prices compared with the same period last year.

The gross profit margin of all refinery products increased by a certain extent, in which the gross profit of refinery and processed gold and refinery copper recorded a turnaround to profit.

The Group's overall gross profit margin was 13.41%, representing a decrease of 4.52 percentage points over the same period last year. The overall gross profit margin of mining products (excluding processed and refined products) was 44.32%, representing a decrease of 4.65 percentage points over the same period last year, which was mainly due to the decline in prices of mineral products being more substantial than the decline in costs during the reporting period.

### 3. Analysis of the changes in statement of profit or loss and statement of cash flows

Unit: RMB

Item	2014	2013	% Change	Reasons for the change
Operating income	58,760,533,928	49,771,511,898	18.06	Please refer to Management Discussion and Analysis
Operating costs	50,881,767,555	40,846,480,113	24.57	Please refer to Management Discussion and Analysis
Selling expenses	905,512,920	525,665,748	72.26	Please refer to Management Discussion and Analysis
Administrative expenses	2,175,124,236	2,165,817,191	0.43	Please refer to Management Discussion and Analysis
Financial expenses	767,954,016	733,059,904	4.76	Please refer to Management Discussion and Analysis
Net cash flows from operating activities	6,320,623,792	8,842,463,564	-28.52	Please refer to Management Discussion and Analysis
Net cash flows from investing activities	-9,251,759,250	-8,479,729,564	Not Applicable	Please refer to Management Discussion and Analysis
Net cash flows from financing activities	2,414,082,749	-2,594,919,864	Not Applicable	Please refer to Management Discussion and Analysis
Research and development expenditure	204,650,000	99,458,900	105.76	The Company increased input in research and development
Impairment losses on assets	362,952,805	792,141,366	-54.18	Please refer to Management Discussion and Analysis
Gains/(losses) on changes in fair value	-141,213,373	18,736,057	Not Applicable	Due to the decrease in fair value of the futures contracts
Investment income	772,566,108	13,767,646	5,511.46	Please refer to Management Discussion and Analysis
Share of profits of associates and joint ventures	21,433,814	117,156,560	-81.70	Due to the decline in profitability of associates and joint ventures

# Management Discussion and Analysis *(continued)*

*(English translation is for reference only)*

## 4. Cost

### Analysis table of cost

Product	Cost structure	Cost by products		Amount for the same period last year (RMB'000)	Amount to total cost for the same period last year	Changes in amount in the current period over same period last year
		Amount for the current period (RMB'000)	Current amount to total cost			
Mine-produced gold	Raw materials	1,884,000	38.75%	2,063,420	42.26%	-8.70%
	Salary	653,210	13.43%	610,570	12.51%	6.98%
	Depreciation	671,780	13.82%	589,890	12.08%	13.88%
	Energy consumption	251,450	5.17%	341,170	6.99%	-26.30%
	Others	1,401,780	28.83%	1,277,430	26.16%	9.73%
Mine-produced silver	Raw materials	117,660	42.33%	146,890	53.03%	-19.90%
	Salary	24,390	8.77%	29,520	10.66%	-17.38%
	Depreciation	41,200	14.82%	22,220	8.02%	85.42%
	Energy consumption	21,810	7.85%	19,840	7.16%	9.93%
	Others	72,930	26.23%	58,540	21.13%	24.58%
Mine-produced copper	Raw materials	919,380	36.38%	834,000	37.09%	10.24%
	Salary	194,740	7.71%	181,530	8.07%	7.28%
	Depreciation	354,530	14.03%	291,830	12.98%	21.49%
	Energy consumption	355,230	14.06%	307,620	13.68%	15.48%
	Others	703,110	27.82%	633,750	28.18%	10.94%
Mine-produced zinc	Raw materials	158,840	46.95%	157,320	54.07%	0.97%
	Salary	27,510	8.13%	27,200	9.35%	1.14%
	Depreciation	31,200	9.22%	39,760	13.67%	-21.53%
	Energy consumption	40,510	11.97%	22,570	7.76%	79.49%
	Others	80,240	23.73%	44,070	15.15%	82.07%
Iron concentrates	Raw materials	313,920	58.58%	374,430	68.44%	-16.16%
	Salary	23,870	4.45%	21,150	3.87%	12.86%
	Depreciation	50,640	9.45%	29,310	5.36%	72.77%
	Energy consumption	42,410	7.91%	33,920	6.20%	25.03%
	Others	105,010	19.61%	88,250	16.13%	18.99%
Refinery copper	Raw materials	9,147,830	94.07%	9,198,540	95.94%	-0.55%
	Salary	90,440	0.93%	51,770	0.54%	74.70%
	Depreciation	176,010	1.81%	114,090	1.19%	54.27%
	Energy consumption	186,710	1.92%	190,800	1.99%	-2.14%
	Others	123,500	1.27%	32,600	0.34%	278.83%
Refinery zinc	Raw materials	1,955,700	72.73%	1,670,230	73.62%	17.09%
	Salary	128,530	4.78%	99,820	4.40%	28.76%
	Depreciation	146,010	5.43%	121,150	5.34%	20.52%
	Energy consumption	371,890	13.83%	319,660	14.09%	16.34%
	Others	86,850	3.23%	57,860	2.55%	50.10%

Note: 1. The cost structure – raw materials included the costs of purchasing raw and auxiliary materials and outsourcing. The main energy consumed is electricity.

2. Most mining corporations of the Group adopted outsourcing of mining works. Such outsourcing cost was included as raw materials.

# Management Discussion and Analysis *(continued)*

*(English translation is for reference only)*

## 5. Information of major suppliers and customers

During the reporting period, the Group's total purchases from the top five suppliers amounted to approximately RMB11.755 billion, representing 23.10% of the total procurement amount of the Group.

### Details of the top five suppliers are as follows:

Supplier	Transaction amount in 2014 (RMB'000)	Percentage to total procurement amount (%)
Li Xingli	2,788,590	5.48
MRI Trading AG	2,778,370	5.46
Glencore International AG	2,657,100	5.22
Ye Xiaodong	1,766,140	3.47
Louis Dreyfus Commodities Metals Trading Co., Ltd.	1,764,610	3.47
Total	11,754,810	23.10

During the reporting period, the Group's total sales income from the top five customers amounted to approximately RMB38.523 billion, representing 65.55% of the total sales income of the Group.

### Details of the top five customers are as follows:

Customer	Transaction amount in 2014 (RMB'000)	Percentage to operating income (%)
Shanghai Gold Exchange	32,129,710	54.68
Guangzhou Jinchuangli Trading & Investing Company Limited	1,815,990	3.09
Fujian Shanghang Taiyang Copper Company Limited	1,601,140	2.72
Hengbaochang (Shanghai) Copper Company Limited	1,517,180	2.58
Shenzhen Jiangtong Marketing Company Limited	1,458,960	2.48
Total	38,522,980	65.55

## 6. Expenses

### Selling expenses

During the reporting period, the Group's selling expenses was RMB905,510,000, representing an increase of 72.26% over the same period last year (2013: RMB525,670,000). The increase in selling expenses was mainly due to the increase in transportation fee as a result of increase in sales volume.

### Administrative expenses

During the reporting period, the Group's administrative expenses amounted to RMB2,175,120,000, representing an increase of 0.43% over the same period last year (2013: RMB2,165,820,000). If the enterprises newly put into production were excluded, the comparable administrative expenses decreased by 2.54%. It was mainly due to all levels of the Group controlled expenses strictly and the cost-saving effect was significant.

# Management Discussion and Analysis *(continued)*

*(English translation is for reference only)*

## **Financial expenses**

During the reporting period, the Group's financial expenses was RMB767,950,000, representing an increase of 4.76% over the same period last year (2013: RMB733,060,000). It was mainly due to the increase in financing scale. If the enterprises newly put into production were excluded, the comparable financial expenses decreased by 3.88% over the same period last year.

## **Impairment losses on assets**

During the reporting period, the Group's impairment losses on assets was RMB362,950,000, representing a decrease of 54.18% over the same period last year (2013: RMB792,140,000). The details of impairment on assets are: bad debt provision of RMB84,630,000, provision on decline in the value of inventories of RMB114,800,000, impairment on available-for-sale investments of RMB26,810,000, impairment on fixed assets of RMB20,780,000, impairment on intangible assets of RMB23,280,000, impairment on other current assets of RMB2,650,000 and impairment on other non-current assets of RMB90,000,000.

## **Investment income**

During the reporting period, the investment income of the Group was RMB772,570,000, representing an increase of RMB758,800,000 over the same period last year (2013: RMB13,770,000). It was mainly due to income from hedging of products in 2014 increased sharply compared with the same period last year.

## **Derivative financial instruments in unsettled positions**

As at 31 December 2014, the Group's unrealised losses from the futures contracts and hedges for gold leasing was RMB50,030,000 (2013: gains of RMB78,480,000).

## **7. Working capital and sources of funds**

As at 31 December 2014, the Group's cash and cash equivalents was RMB3.512 billion, representing a decrease of RMB509 million or 12.66% over the same period last year.

During the reporting period, net cash inflow generated from the Group's operating activities was RMB6.321 billion, representing a decrease of RMB2.522 billion over the same period last year, in which, the cash inflow generated from operating activities was RMB63.508 billion, representing an increase of RMB9.623 billion over the same period last year; cash outflow in operating activities was RMB57.188 billion, representing an increase of RMB12.145 billion over the same period last year. The main reasons for the decrease in net cash inflow generated from the Group's operating activities were the decrease in prices of mineral products in 2014 compared with the same period last year, increase in inventory levels in newly put into production refinery enterprises and the increase in real estate enterprise's development cost.

During the reporting period, net cash outflow used in the Group's investing activities was RMB9.252 billion, representing an increase of RMB0.772 billion, in which, the main investing expenditures included: (1) cash payment of RMB6.221 billion for purchase and construction of fixed assets, intangible assets and other long-term assets; (2) cash payment of RMB2.340 billion for investments; and (3) cash payment of RMB1.319 billion for acquisition of subsidiaries.

During the reporting period, net cash inflow from the Group's financing activities was RMB2.414 billion, while a net cash outflow of RMB2.595 billion was recorded during the same period last year. It was mainly due to the increase in financing.

As at 31 December 2014, the Group's total borrowings amounted to RMB30.227 billion (31 December 2013: RMB23.571 billion). Among which, the amount repayable within one year was approximately RMB13.964 billion, the amount repayable within one to two years was approximately RMB5.837 billion, the amount repayable within two to five years was approximately RMB8.955 billion, the amount repayable within more than five years was approximately RMB1.471 billion. The interest rates of all borrowings ranged from 1.33% to 7.21% (2013: ranged from 1.16% to 7.80%).

The Group's daily capital requirements and capital expenditures for maintenance nature can be financed from its internal cash flow. The Group also has loan facilities with no usage restriction of approximately RMB103.8 billion provided by banks.



# Management Discussion and Analysis *(continued)*

*(English translation is for reference only)*

## 8. Research and development expenditure

### Table of status of research and development expenditure

Currency: RMB

Expensed research and development expenditure for the year	96,200,000
Capitalized research and development expenditure for the year	108,450,000
Total research and development expenditure	204,650,000
Percentage of total research and development expenditure to net assets (%)	0.61
Percentage of total research and development expenditure to operating income (%)	0.35

## OPERATION ANALYSIS BY INDUSTRIES, PRODUCTS OR REGIONS

### 1. Status of main business by industry and product

Currency: RMB'000

By product	Status of main business by product			Change in operating income compared with last year (%)	Change in operating costs compared with last year (%)	Change in gross profit margin compared with last year (percentage points)
	Operating income	Operating costs	Gross profit margin (%)			
Mine-produced gold	7,836,240	4,862,220	37.95	-8.11	-0.41	Decreased by 4.8 percentage points
Refinery, processed and trading gold	31,127,820	31,053,380	0.24	46.9	46.11	Increased by 0.54 percentage point
Mine-produced silver	423,910	277,990	34.42	-7.66	0.35	Decreased by 5.24 percentage points
Mine-produced copper	4,899,390	2,526,990	48.42	-1.03	12.37	Decreased by 6.15 percentage points
Refinery copper	9,837,400	9,724,490	1.15	4.21	1.43	Increased by 2.71 percentage points
Mine-produced zinc	785,360	338,300	56.92	37.73	16.29	Increased by 7.94 percentage points
Refinery zinc	2,821,850	2,688,980	4.71	20.88	18.52	Increased by 1.9 percentage points
Iron concentrates	1,514,140	535,850	64.61	-6.62	-2.05	Decreased by 1.65 percentage points
Others	7,120,700	6,174,550	13.29	-9.38	-10.12	Increased by 0.72 percentage point
Offsetting internal sales	-7,606,280	-7,300,980				
Total	58,760,530	50,881,770	13.41	18.06	24.57	Decreased by 4.52 percentage points

Note: The analysis by product is based on the figures before elimination of internal sales.

### 2. Regional information of the main business

Over 97% of the Company's operating income was originated from customers in Mainland China, while 54.68% was from the Shanghai Gold Exchange. Therefore, it is unable to sort customers by region.

# Management Discussion and Analysis *(continued)*

*(English translation is for reference only)*

## ANALYSIS OF ASSETS AND LIABILITIES

Currency: RMB

Item	Amount at the end of 2014	Proportion to total assets as at the end of 2014 (%)	Amount at the end of 2013	Proportion to total assets as at the end of 2013 (%)	Percentage change in the amount at the end of 2014 compared with the end of 2013 (%)	Reasons for the change
Held-for-trading financial assets	312,247,627	0.42	475,941,952	0.71	-34.39	Reduction of investment in equity instruments including stocks
Bills receivable	538,484,702	0.72	780,847,129	1.17	-31.04	Change in settlement method of certain subsidiaries
Trade receivables	1,228,075,464	1.63	519,354,631	0.78	136.46	Amount of credit sales increased compared with same period last year as some subsidiaries changed the sales method
Other current assets	1,129,315,164	1.50	751,212,263	1.12	50.33	Increase in short-term trust products and increase in taxes to be deducted
Investment properties	174,284,695	0.23	112,444,271	0.17	55.00	During the year, Qinghai West Hotel was rented out after its construction was completed
Construction materials	274,012,010	0.36	189,696,519	0.28	44.45	Expansion of certain subsidiaries resulted in increase in the use of construction materials for infrastructure
Other non-current assets	4,407,727,099	5.86	3,063,189,230	4.58	43.89	Increase of long-term loans provided to associates and joint ventures
Short-term borrowings	4,551,121,572	6.06	2,774,147,375	4.15	64.05	Increase of loan scale
Advances from customers	1,005,215,386	1.34	577,062,261	0.86	74.20	Increase of proceeds from pre-sale housing of Zijin Real Estate
Dividends payable	35,938,170	0.05	5,534,343	0.01	549.37	Increase of accrued but unpaid dividends
Taxes payable	656,071,856	0.87	1,014,800,781	1.52	-35.35	Settlement of accrued taxes for last year
Bonds payable	7,923,716,925	10.54	5,405,880,513	8.08	46.58	Issuance of mid-term bonds of RMB2.5 billion in 2014
Long-term payables	413,864,086	0.55	309,261,109	0.46	33.82	Increase of newly merged subsidiaries
Deferred tax liabilities	593,335,439	0.79	443,536,908	0.66	33.77	Increase of deferred tax liabilities incurred from acquisition of new subsidiaries

# Management Discussion and Analysis *(continued)*

*(English translation is for reference only)*

## Analysis of major subsidiaries and associates

RMB'000

Company name	Major products	Registered capital	Total assets	Net assets	Net profit
Xinjiang Ashele Copper Company Limited	Copper concentrates	250,000	2,540,530	1,733,100	587,960
Xinjiang Jinbao Mining Company Limited	Iron concentrates	50,000	1,523,480	1,076,400	459,690
Qinghai West Copper Mining Company Limited	Copper concentrates	120,000	1,635,430	1,188,270	423,190
Wulatehouqi Zijin Mining Company Limited	Zinc concentrates	150,000	1,895,720	615,570	156,740
Hebei Chongli Zijin Mining Company Limited	Gold	237,500	710,970	508,130	148,580
Heilongjiang Duobaoshan Copper Company Limited	Copper concentrates	800,000	2,844,920	1,233,930	85,690
Zijin Copper Company Limited	Copper cathode	2,116,300	7,888,290	1,617,520	71,270
Wenshan Malipo Zijin Tungsten Company Limited	Tungsten products	1,000,000	1,799,160	1,243,600	58,220
Longnan Zijin Mining Company Limited	Gold	242,220	883,020	330,200	119,760
Bayannaoer Zijin Non-ferrous Metals Company Limited	Zinc bullion	375,000	3,364,290	840,280	-36,240
Hunchun Zijin Mining Company Limited	Copper and gold concentrates	200,000	2,295,380	1,387,960	-12,690

## Operational status and results of subsidiaries or associates affecting the Company's net profit for over 10%

RMB'000

Company name	Total assets	Net assets	Operating income	Operating profit	Net profit
Xinjiang Ashele Copper Company Limited	2,540,530	1,733,100	1,395,280	737,210	587,960
Xinjiang Jinbao Mining Company Limited	1,523,480	1,076,400	1,408,520	569,430	459,690
Qinghai West Copper Mining Company Limited	1,635,430	1,188,270	1,014,500	240,480	423,190

## Effects of the adoption of new accounting standards on the consolidated financial statements

From January to March 2014, the Ministry of Finance promulgated "Accounting Standards for Business Enterprises No.39 - Fair Value Measurement", "Accounting Standards for Business Enterprises No.40 - Joint Arrangements" and "Accounting Standards for Business Enterprises No.41 - Disclosure of Interests in Other Entities"; revised "Accounting Standards for Business Enterprises No.2 - Long-term Equity Investments", "Accounting Standards for Business Enterprises No.9 - Employee Benefits", "Accounting Standards for Business Enterprises No.30 - Presentation of Financial Statements" and "Accounting Standards for Business Enterprises No.33 - Consolidated Financial Statements". The above seven accounting standards became effective on 1 July 2014 and early adoption was encouraged for overseas listed entities. In June 2014, the Ministry of Finance revised "Accounting Standards for Business Enterprises No.37 - Presentation of Financial Instruments" and the standard should be implemented in the financial reports for financial year 2014 and the accounting periods thereafter. As an A and H shares listed company, except "Accounting Standards for Business Enterprises No.41 - Disclosure of Interests in Other Entities", "Accounting Standards for Business Enterprises No.2 - Long-term Equity Investments" and "Accounting Standards for Business Enterprises No.37 - Presentation of Financial Instruments", the Company early adopted the other five accounting standards and carried out accounting treatments according to relevant provisions of convergence in the preparation of the 2013 financial statements. For the details of the effects, please refer to the 2013 financial statements.

The above changes in accounting standards caused corresponding changes in the accounting policies of the Company. The Company has carried out accounting treatments according to relevant provisions of convergence, and made corresponding retrospective adjustments to the comparative figures as necessary.

## Management Discussion and Analysis *(continued)*

*(English translation is for reference only)*

Pursuant to the newly revised “Accounting Standards for Business Enterprises No.2 - Long-term Equity Investments”, the Company adjusted the long-term equity investments previously in “investments in entities not under joint control or significant influence and do not have a quoted market price in an active market and whose fair value cannot be reliably measured” to “available-for-sale investments”, and correspondingly adjusted the comparative figures of “long-term equity investments” and “available-for-sale investments” at the beginning of the years. In the disclosures of the 2014 interim report, the Company has already adjusted the balance at the beginning of the period in the 2014 balance sheet. The above retrospective adjustments were submitted to the fifth meeting of the Company’s fifth board of directors for approval.

Pursuant to the newly revised “Accounting Standards for Business Enterprises No.30 - Presentation of Financial Statements”, other comprehensive income was separated into two classes: (1) other comprehensive income which cannot be reclassified to profit or loss in subsequent periods, and (2) other comprehensive income to be reclassified to profit or loss upon satisfactions of specified conditions in subsequent periods. The Company has already presented the financial statements based on the standard, and made corresponding adjustments to the presentation of financial statements of comparable years.

Pursuant to the newly revised “Accounting Standards for Business Enterprises No.30 - Presentation of Financial Statements”, government grants related to assets were included in deferred income. This financial statements has already been presented in accordance with the standard, and corresponding adjustments to the presentation of financial statements of comparable years has been made.

Effects of the above changes in accounting standards which result in retrospective adjustments to the Company’s financial statement are stated below. Except for the above, there are no items required to be adjusted retrospectively.

### Effects of the changes in accounting standards regarding long-term equity investments on the consolidated financial statements

Unit: RMB

Investees	31 December 2013				
	Basic transaction information	Equity attributable to owners of the parent on 1 January 2013 (+/-)	Long-term equity investments (+/-)	Available-for-sale investments (+/-)	Equity attributable to owners of the parent (+/-)
CASA Minerals Limited			-42,142,585	42,142,585	
Solantera			-7,771,757	7,771,757	
Anxi Min Southeast Mining Company Limited			-4,000,000	4,000,000	
Fujian Shanghang Rural Commercial Bank Company Limited			-89,900,000	89,900,000	
Hunan Nonferrous Metals Company Limited			-30,000,000	30,000,000	
Luoyang Bank			-1,000,000	1,000,000	
Luoyang Yongning Gold and Lead Refinery Company Limited			-19,900,900	19,900,900	
Muli County Rongda Mining Company Limited			-62,017,517	62,017,517	
Nanjing China Net Communication Company Limited			-25,000,000	25,000,000	
Sichuan Liwu Copper Company Limited			-19,850,000	19,850,000	
Taror Hydropower Station			-932,950	932,950	
Wulatehouqi Ruifeng Lead Refinery Company Limited			-3,888,677	3,888,677	
Xinjiang Tianshan Railway Company Limited			-19,200,000	19,200,000	
Xinjiang Xinxin Mining Industry Company Limited			-18,314,097	18,314,097	
Zhenfeng Rural Credit Cooperative Union			-11,074,000	11,074,000	
Total	/		-354,992,483	354,992,483	



# Management Discussion and Analysis *(continued)*

*(English translation is for reference only)*

## Effects of other changes in accounting standards

<b>31 December 2014</b>	<b>Before adoption (RMB)</b>	<b>Adoption of accounting standards (RMB)</b>	<b>After adoption (RMB)</b>
Capital reserve	7,263,929,290	66,022,699	7,329,951,989
Other comprehensive income	-381,318,792	-66,022,699	-447,341,491
Other non-current liabilities	538,727,221	-538,727,221	—
Deferred income	—	538,727,221	538,727,221

31 December 2013	Before adoption (RMB)	Adoption of accounting standards (RMB)	After adoption (RMB)
Capital reserve	7,424,785,017	77,564,125	7,502,349,142
Other comprehensive income	-382,214,854	-77,564,125	-459,778,979
Other non-current liabilities	549,332,668	-549,332,668	—
Deferred income	—	549,332,668	549,332,668

## Non-recurring profit or loss items and their amounts

Unit: RMB

<b>Non-recurring profit or loss items</b>	<b>Amount in 2014</b>	<b>Note (If applicable)</b>	<b>Amount in 2013</b>	<b>Amount in 2012</b>
Gain or losses on disposal of non-current assets	-97,994,374		-118,475,005	-40,896,945
Government grants recognised in the statement of profit or loss, except for government grants closely related to the Company's normal operations, which are in line with the country's policies, calculated according to certain standards or continuously granted in fixed amount	161,694,394		159,679,631	91,978,060
Gains arising from the investment costs being smaller than the shared amount of fair value of the identifiable net assets of investees including subsidiaries, associates and joint ventures at the acquisition date	12,377,964		—	—
Gain or loss on changes in fair value from held-for-trading financial assets and financial liabilities, investment gain or loss on disposal of held-for-trading financial assets and liabilities and available-for-sale investments except for the effective portion of hedge closely related to the Company's normal operations	-25,772,306	Including gains from changes in fair value of trading stocks, funds and bonds amounted to RMB28,688,646, losses on disposal of stocks, funds and bonds amounted to RMB55,505,478 and interest income from convertible bonds amounted to RMB1,044,526.	-105,461,015	186,214,066

# Management Discussion and Analysis *(continued)*

*(English translation is for reference only)*

Non-recurring profit or loss items	Amount in 2014	Note (if applicable)	Amount in 2013	Amount in 2012
Other non-operating income and expenses other than the aforesaid items	-212,098,951	Including donations of RMB185,845,063 to charities including the Shanghang Charity Federation, and net amount of other non-operating expenses amounted to RMB26,253,888.	-228,158,295	-100,848,802
Impairment loss on available-for-sale investments	-26,810,425		-92,013,456	-
Impact on the non-controlling interests	11,794,131		58,478,116	-2,462,989
Impact on income tax	20,170,783		34,878,918	-64,942,617
Total	-156,638,784		-291,071,106	69,040,773

## Items measured under fair value

Unit: RMB

Item	Balance at the beginning of the period	Balance at the end of the period	Changes during the period	Impact on the profit of the current period
Financial assets at fair value through profit or loss (excluding derivative financial assets)	460,998,410	251,605,877	-209,392,533	28,688,646
Derivative financial assets	14,943,541	60,641,750	45,698,209	45,698,210
Available-for-sale investments	343,624,001	86,038,950	-257,585,051	49,451,058
Financial liabilities at fair value through profit or loss (excluding derivative financial liabilities)	-5,665,210,229	-8,085,325,834	-2,420,115,605	-741,580,718
Derivative financial liabilities	-1,081,524,626	-512,212,666	569,311,960	525,980,489
Total	-5,927,168,903	-8,199,251,923	-2,272,083,020	-91,762,315

## Gearing Ratio

Gearing ratio is defined as the ratio of consolidated total liabilities to consolidated total equity. As at 31 December 2014, the Group's consolidated total liabilities was RMB41,490,665,303 (RMB33,812,937,200 as at 31 December 2013), and the Group's consolidated total equity was RMB33,668,922,345 (RMB33,085,451,920 as at 31 December 2013). As at 31 December 2014, the Group's gearing ratio was 1.232 (1.022 as at 31 December 2013).

## PROFITS ATTRIBUTABLE TO OWNERS OF THE PARENT FOR THE YEAR AND EARNINGS PER SHARE

The Group's profits attributable to owners of the parent for the year ended 31 December 2014 was RMB2,345,062,669, representing an increase of 10.34% over RMB2,125,353,823 in 2013.

For the year ended 31 December 2014, the Group's earnings per share (basic) was RMB0.11, representing an increase of 10% over the previous year (the calculation of earnings per share is based on the profit attributable to owners of the parent for the year of RMB2,345,062,669 (2013: RMB2,125,353,823) and the weighted average number of ordinary shares outstanding in the year ended 31 December 2014 of 21,634,580,077 shares (2013: 21,796,121,080 shares) in issue during the year).

# Management Discussion and Analysis *(continued)*

*(English translation is for reference only)*

## TAXES

Unit: RMB

	2014	2013
Current tax expenses	<b>617,705,361</b>	1,199,556,120
Deferred tax expenses	<b>70,990,638</b>	(226,123,622)
	<b>688,695,999</b>	973,432,498

Reconciliation of income tax expenses to profit before tax is as follows:

	2014	2013
Profit before tax	<b>3,324,137,990</b>	3,834,701,570
Income tax calculated at the applicable tax rate (Note 1)	<b>831,034,497</b>	958,675,393
Effect of different tax rates of certain subsidiaries	<b>(184,044,511)</b>	(155,990,286)
Over-provision in prior years	<b>(218,580,802)</b>	(59,119,178)
Income not subject to tax (Note 2)	<b>(77,417,192)</b>	(99,842,278)
Expenses not deductible for tax purposes (Note 3)	<b>50,265,301</b>	40,178,017
Previous tax losses utilised	<b>(48,493,671)</b>	(20,879,485)
Effect of unrecognized deductible temporary differences and deductible tax losses	<b>335,932,377</b>	310,410,315
Income tax expenses calculated at the Group's effective tax rate	<b>688,695,999</b>	973,432,498

Note 1: Provision for the PRC enterprise income tax expenses has been made at applicable tax rates based on the estimated taxable profits. For the year 2014, there was no assessable profit arising in Hong Kong (2013: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the enterprise operates.

Note 2: Included share of profits of long-term equity investments under the equity method of RMB21,433,814 for the year 2014 (2013: RMB117,156,560), share of profits of available-for-sale investments at cost of RMB28,836,297 (2013: RMB18,740,000), and the sales revenue which comes from the products that shall be exempted from income tax in line with national industrial policies and regulations of RMB26,160,760 for the year 2014 (2013: RMB16,482,399).

Note 3: Included donations not deductible for tax purposes of RMB52,775,730 for the year 2014 (2013: RMB118,289,509).

Other details of taxes of the Group are set out in note IV to the financial statements.

## NET CURRENT LIABILITIES

Unit: RMB

	2014	2013
Current assets	<b>19,618,226,590</b>	17,931,787,510
Less: Current liabilities	<b>23,504,058,573</b>	19,959,966,260
Net current liabilities	<b>(3,885,831,983)</b>	(2,028,178,750)

## TOTAL ASSETS LESS CURRENT LIABILITIES

	2014	2013
Total assets	<b>75,159,587,648</b>	66,898,389,120
Less: Current liabilities	<b>23,504,058,573</b>	19,959,966,260
Total assets less current liabilities	<b>51,655,529,075</b>	46,938,422,860

# Directors, Supervisors and Senior Management

*(English translation is for reference only)*

## EXECUTIVE DIRECTORS

Mr. Chen Jinghe, aged 58, graduated from Fuzhou University with a bachelor's degree in geology and obtained an EMBA degree from Xiamen University. He is a professor grade senior engineer, a specialist who enjoys special allowance from the State Council, a delegate to the tenth, eleventh, and twelfth National People's Congress of Fujian Province, the vice-president of the China Gold Association and the chairman of chairman group of China Mining Association. He has been appointed as the chairman of the Company since 2000. From August 2006 to November 2009, he also served as the president of the Company. He also serves as the head of the Company's national key gold laboratory. He was the discoverer and main exploration organizer of Zijinshan gold and copper mine, and is the founder and core leader of the Company.

Mr. Wang Jianhua, aged 59, received tertiary education from the Central Communist Party School, obtained an EMBA degree, is a senior economist and senior accountant. He has served as the chairman of Guangtong Group, manager of Shandong Silk Import & Export Corporation, general manager of Shandong Provincial Silk Corporation, and the chairman and secretary of Communist Party Committee of Shandong Gold Group Co., Ltd. He retired in February 2013; he was appointed as the president of the Company from June 2013 to October 2013. He currently serves as a director and the president of the Company.

Mr. Qiu Xiaohua, aged 57, graduated from the Department of Economics of Xiamen University, and received his Ph.D. from Beijing Normal University. He is a senior statistician. He has held several positions including secretary to the Communist Party Committee and chief of National Bureau of Statistics of China, senior researcher for China National Offshore Oil Corporation, part-time professor of Xinhua Business School and the chief economist of Minsheng Securities. He has been appointed as an executive director and vice-chairman of the Company since May 2012.

Mr. Lan Fusheng, aged 51, graduated from Fuzhou University with a bachelor's degree in geology and obtained a master's degree in business administration. He joined the Company in 1994. From August 2000 to August 2006, he was appointed as a director and standing deputy general manager of the Company. He has been serving as a vice-chairman of the Company since August 2006.

Mr. Zou Laichang, aged 47, graduated from Fujian Agriculture and Forestry University Forestry College with a bachelor's degree of engineering in chemistry for forestry and obtained an MBA degree. He is a senior engineer. He joined the Company in March 1996, served as a director and senior vice-president from August 2006 to November 2009 and served as a director and standing vice president from November 2009 to October 2013. Currently, he is a director and vice-president of the Company.

Mr. Lin Hongfu, aged 41, graduated from Chongqing Steel College majoring in steel and iron alloy smelting with a bachelor's degree. In August 1997, he joined the Company and has held the positions of plant manager of gold refinery plant, deputy chief of Zijinshan gold mine, general manager and chairman of Bayannaer Zijin Non-ferrous Metals Company Limited, etc. He served as a vice president of the Company from August 2006 to October 2013. He is currently a director and vice president of the Company.

## NON-EXECUTIVE DIRECTOR

Mr. Li Jian, aged 39, graduated from Yang-En University majoring in international finance. He has served as the manager, marketing director, deputy general manager of Longyan operation branch and the general manager of Shanghang operation branch of Industrial Securities Co., Ltd. He has been appointed as the general manager of Minxi Xinghang State-owned Assets Investment Company Limited since January 2013. He currently serves as a non-executive director of the Company.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lu Shihua, aged 64, graduated from Central Communist Party School majoring in economic management specialization by correspondence, is a non-practising registered accountant. He currently serves as the president of the Fujian Budget and Accounting Research Society. He has held the positions of director of Gutian Finance Bureau, deputy director of finance office for industrial and transportation enterprises and director of the finance office for cultural, education and administration under the Fujian Finance Department, director of budget office and inspector (deputy departmental head grade) of the Fujian Finance Department. He retired in May 2011. He currently serves as an independent non-executive director of the Company.



## Directors, Supervisors and Senior Management *(continued)*

*(English translation is for reference only)*

Mr. Ding Shida, aged 67, a postgraduate graduated from Economic Research Institute of Xiamen University majoring in business administration, received a doctoral degree in management from the Graduate School of Chinese Academy of Social Sciences, is a senior economist. He served as the general manager and secretary of Communist Party Committee of Fujian Construction Materials Industry Corporation. At the same time, he also served as the chairman of Fujian Cement Inc. He has also served as the secretary of Communist Party Committee and general manager of Fujian Investment Corporation Group Company, and the chairman of Min Xin Holdings Limited (listed company in Hong Kong), the chairman of Min Xin Insurance Co., Ltd., vice chairman of Luso International Banking Ltd., and the vice chairman and chairman of Xiamen International Bank. He retired in July 2010. He currently serves as an independent non-executive director of the Company.

Mr. Qiu Guanzhou, aged 65, graduated from Central South University of Technology majoring in mineral processing engineering with a doctoral degree. He has previously served as the vice-principal of Central South University of Technology and Central South University, and currently serves as a professor and tutor of doctoral students in Central South University. He was elected as an academician of Chinese Academy of Engineering in December 2011. Mr. Qiu has dedicated himself to the research of processing and utilizing low-grade, complex and refractory metallic mineral resources in China for a long time, and has obtained significant achievements in flotation separation of fine and sulphide minerals and direct reduction of iron ore, especially the outstanding contributions made in the aspect of biohydrometallurgy in low-grade sulphuric ores. He was awarded as a national science and technology expert with outstanding contributions. Mr. Qiu is also serving as an independent non-executive director of Jiangxi Copper Company Limited (stock code: 358) and once served as a non-executive director of L'sea Resources International Holdings Limited (stock code: 195). He has been serving as an independent non-executive director of the Company since 23 October 2014.

Mr. Sit Hoi Wah, Kenneth, aged 57, graduated from the University of Hong Kong, is a practising solicitor in Hong Kong. He was admitted as a solicitor in Hong Kong, a solicitor in England and Wales, a solicitor and barrister in Australia, a solicitor in Singapore, a notary public, a member of the Chartered Institute of Arbitrators and a fellow member of the Hong Kong Institute of Arbitrators. He is a partner of Messrs. Kenneth Sit, Solicitors of Hong Kong. He currently serves as an independent non-executive director of the Company.

### **SUPERVISORS OF SUPERVISORY COMMITTEE**

Mr. Lin Shuiqing, aged 51, tertiary educated. He has been a deputy secretary, head of town and secretary of Zhongdu Town of Shanghang County Communist Party Committee, a director of Shanghang County Communist Party Committee Office, a standing member of the Shanghang County Communist Party Committee, director of Shanghang County Tongzhanbu and Secretary of Shanghang County Non State-owned Economic Working Committee. He has been serving as the chairman of the Supervisory Committee of the Company since November 2009.

Mr. Xu Qiang, aged 64, tertiary educated, is a senior accountant, registered CPA, and registered valuer. He has been the deputy director of Fujian Huaxing Certified Public Accountants and the director of Fujian Asset Valuation Centre. He has been appointed as a supervisor of the Company since August 2000. He has been serving as the vice-chairman of the Supervisory Committee of the Company since August 2006.

Mr. Fan Wensheng, aged 47, tertiary educated. He has held positions including secretary and vice director of the Agricultural and Economic Commission of Standing Committee of Shanghang County People's Congress, vice director, chief staff, committee member and party member of office of the Standing Committee of the Shanghang County People's Congress, vice secretary of Gutian Communist Party Committee and town chief of Gutian town, Communist Party Committee secretary of Taibaxiang, Shanghang County, township cadre of Economic and Trading Bureau and the director of the Shanghang Copper Bureau. He currently serves as a supervisor of the Company.

Mr. Liu Wenhong, aged 45, tertiary educated, is an engineer. Mr. Liu joined the Company in 1989. He has held several positions including the office officer, assistant to general manager, standing deputy chief of Zijinshan gold and copper mine, chairman of Zijin Mining Group (Xiamen) Investment Co., Ltd., general manager of the key projects and social responsibility department. He is currently serving as the chairman of the labour union and a supervisor representing workers and staff of the Company.

Mr. Zhang Yumin, aged 64, secondary educated. He joined the Company in 2000 and previously held several positions including assistant finance manager and officer of assets department, etc. He is currently serving as an officer of the supervisory and audit department. He has been serving as a supervisor representing workers and staff of the Company since August 2006.

## Directors, Supervisors and Senior Management *(continued)*

*(English translation is for reference only)*

### SENIOR MANAGEMENT

Mr. Huang Xiaodong, aged 60, graduated from Hefei University of Technology majoring in computing, and obtained an EMBA degree. He joined the Company in 2005 and served as the chief economist of the Company and standing deputy chief and chief of Zijinshan gold and copper mine. He served as a director and senior vice-president of the Company from August 2006 to November 2009. He served as a director and vice-president of the Company from November 2009 to October 2013. Currently, he is a vice president of the Company.

Mr. Xie Chengfu, aged 49, graduated from Changchun College of Geology with a bachelor's degree in mine exploration. He is a senior engineer. In 1994, he joined the Company and held positions as plant manager of gold refinery plant, chief of Zijinshan Gold Mine, assistant to general manager and deputy general manager of the Company, chairman and general manager of Hunchun Zijin Mining Company Limited. He has been serving as a vice-president of the Company since August 2006.

Mr. Yang Kaihui, aged 51, with Canadian nationality, graduated from the mining and metallurgy department of Fuzhou University, and was a postgraduate of Institute of Geology, Chinese Academy of Geological Sciences and a PhD student of Chinese University of Geosciences (Beijing). He obtained a PhD and is a NI43-101 professional geologist of Canada. He has engaged in research in Institute of Geology, Chinese Academy of Geological Sciences and teaching in Department of Geology in Earth Sciences Centre, University of Toronto, Canada. He has served the positions of geological consultant of Noranda Inc., Canada, senior geological consultant of Barrick Gold Corporation, Canada, senior geological consultant of Falconbridge Limited, Canada, senior geological consultant of Inco Limited, Canada and senior mining industry consultant of the World Bank (Washington). He founded a Canadian listed company, Asia Now Resources Corp. and served as the president in the period from 2003 to 2012. He currently serves as a vice-president of the Company.

Ms. Lin Hongying, aged 45, tertiary educated, is a senior accountant. She joined the Company in 1993 and held the positions of chief accountant, deputy manager and manager of finance department and assistant financial controller, etc. She has been serving as the financial controller of the Company since November 2009.

Ms. Liu Qiang, aged 51, graduated from Beijing Second Foreign Language Institute majoring in English literature, obtained a Master's degree in Literature and is a deputy senior translator. She is the representative of the fifteenth People's Congress in Haidian District of Beijing, and is a member of the National Economy, Social Development and Planning, Finance and Budgeting Audit Committee of the fifteenth People's Congress of Haidian District. She has studied finance, financial management and business administration at the University of International Business and Economics in Beijing and got a post-graduate diploma. She has received trainings on finance and financial management in Hong Kong, served in the finance department of Oriental Metals (Holdings) Company Limited in Hong Kong and served as the manager of the finance department of an Australian subsidiary of China National Non-Ferrous Metals Import and Export Corporation, manager of the aluminum department of China National Non-Ferrous Metals Import and Export Corporation; a senior analyst for the aluminum industry and market in China National Non-Ferrous Metals Trading Group and China National Metals and Minerals Import and Export Corporation as well as the deputy manager of the Import and Export Division of China Aluminum International Trading Corporation Limited. She served as the secretary to the board of directors and company secretary of Aluminium Corporation of China Ltd. from October 2003 to May 2013. She currently serves as the secretary to the board of directors of the Company.

Mr. Fan Cheung Man, aged 54, obtained a Master's degree in business administration from the University of New England, Australia. He is an associate member of The Hong Kong Institute of Certified Public Accountants, and a fellow member of The Association of Chartered Certified Accountants, UK. He has been a deputy general manager of Hungtai Electronic Factory and financial controller of Vigers HK Limited. Mr. Fan has been serving as the company secretary (HK) for the Company since December 2004.

## Directors, Supervisors and Senior Management *(continued)*

*(English translation is for reference only)*

### POSITION HELD IN SHAREHOLDER'S COMPANY AND OTHER COMPANIES BY CURRENT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

#### 1. Position held in shareholder's company

Name	Name of shareholder's company	Position	Date of appointment	Date of end term
Li Jian	Minxi Xinghang State-owned Assets Investment Co., Ltd.	General Manager	January 2013	January 2017
Fan Wensheng	Minxi Xinghang State-owned Assets Investment Co., Ltd.	Supervisor	October 2013	October 2016

#### 2. Position held in other companies

Name	Name of company	Position	Date of appointment	Date of end term
Lan Fusheng	China Hanking Holdings Limited	Non-executive director	30 January 2015	30 January 2018
Qiu Xiaohua	Minsheng Securities	Chief economist	1 September 2012	30 August 2015
	Daqing Dairy Holdings Limited	Independent non-executive director	24 January 2014	
Qiu Guanzhou	Jiangxi Copper Company Limited	Independent non-executive director	11 June 2014	
Sit Hoi Wah, Kenneth	Pokfulam Development Company Limited	Independent non-executive director	10 October 2005	31 March 2015
Huang Xiaodong	Gold Eagle Mining Investment Limited	Director	2 April 2012	
Xu Qiang	Hollyland (China) Electronics Technology Corporation Limited	Independent Director	March 2013	March 2016

# Report of the Directors

(English translation is for reference only)

The directors of the Company ("Directors") hereby submit the Report of the Directors and the audited financial statements of the Group for the year ended 31 December 2014.

## PRIMARY BUSINESS

The Company is principally engaged in the exploration, mining, processing, refining and sale of gold and non-ferrous metals and other mineral resources, and is a large mining conglomerate primarily engaged in the production of gold and non-ferrous metals. The Company mainly produces gold bullion of 99.99% and 99.95% purity under the "ZIJIN" brand, copper cathodes and zinc bullions, etc. In 2014, the sales of gold products represented 61.43% (after elimination) of the total operating income, and the gross profit of the gold business represented about 37.18% of the total consolidated gross profit of the Group. There were no significant changes in the nature of the Group's principal activities during the reporting period.

Details regarding the key businesses of the Group's subsidiaries and associates are set out in notes VII.1 and VII.2 to the financial statements, respectively.

## OPERATING RESULTS

The operating results of the Group for the year ended 31 December 2014 are set out in the financial statements on pages 78 to 256.

### Status of projects using non-proceeds funds

Unit: RMB billion

Project name	Amount	Progress	Investment for the year	Actual accumulated investment	Gains
Russia Tuva Kyzyl-Tash Turk multi-metals mine	3.5	Put into trial production on 8 September 2014	0.508	3.299	Planned to produce about 80,000 tonnes of zinc a year
Gansu Yate Li County gold mine project (including phase 1 of the 6,000 tonnes/day processing project and the 10,000 tonnes/day mining project at Liba mining area)	1.4	Improving the design and planning for the 10,000 tonnes/day mining project at Liba mining area, working on preparatory work like building road for mining transportation, waste disposal pool design and relocation of residents within mining area	0.092	0.478	Production capacity will reach approximately 5 tonnes of mine-produced gold a year after completion of all projects
Kyrgyzstan Zuoan gold mine project	1.489	Basically completed the construction and put into pilot run at the end of 2014, expected to put into production in the first half of 2015	0.791	1.398	Planned production capacity is about 3.7 tonnes of gold a year
Technological innovation of ZGC gold mine in Tajikistan	1.916	The stripping of infrastructure of Jilau open-pit mine was completed, the core part of the Jilau 10,000 tonnes processing plant construction was completed in November 2014 and put into pilot run. The stripping of infrastructure of Taror open-pit mine is still in progress	0.549	1.403	Upon completion of technological innovation, additional production of about 3.5 tonnes of gold a year
Wulatehouqi Zijin Sanguikou lead and zinc mine	1.378	Land surface works have been completed, the upgraded vertical shaft was put into trial production in late November 2014. The full set of Sanguikou facility was put into production	0.145	1.415	Planned to produce about 70,000 tonnes of zinc a year
Total	9.683	/	2.085	7.993	/



## Status of special purpose vehicle under the Company's control

To issue US dollar bonds overseas, the Company established a wholly-owned subsidiary Zijin International Finance Company Limited ("Zijin International Finance") in Hong Kong in April 2011 as the issuer, offered US\$480,000,000 in aggregate principal amount of 4.25 per cent credit enhanced bonds due 2016 to institutional and professional investors outside the United States pursuant to Regulation S under the U.S. Securities Act in June and July 2011 respectively. The bonds are backed by a standby letter of credit issued by Bank of China, Paris Branch. The issuance of the bonds is mainly used for purchase of copper concentrates and other overseas operations.

## ANALYSIS ON THE CORE COMPETITIVENESS

As a mining corporation, the Company always regards mineral resources as the corporation's most important assets. The volume of resources and reserves owned by the Company keeps growing through mergers, acquisitions, restructuring and self-exploration. As at 31 December 2014, the reserves owned include gold of 1,342 tonnes and copper of 15.43 million tonnes, and a relatively large amount of zinc, iron, tungsten and other mineral resources. The Company is one of the enterprises owning the largest amount of metal mineral resources in the PRC.

The Company's core competitiveness in technology mainly lies in the building of relatively strong basic conditions to support technological research within the industry. The Company owns several highly qualified technology platforms including State Key Laboratory for integrated utilization of low-grade refractory gold resources which is the only laboratory of its kind in the gold industry, national enterprise technology centre, Fujian non-ferrous mineral resources development and utilization engineering and technology research centre, workstation for academicians and post-doctors, etc. The Company allows the research units to take the lead in deploying the technology innovation and development studies, starts to transform and industrialize technological achievements primarily for production enterprises, combined research, design and production to develop application integration system particularly for each project, forming an innovative technological system applicable to the Group's development strategy and innovation. The Company has established several flexible and diversified incentive policies including technological "responsibility-free" policy, dual salary policy for management and technical staff, evaluation and employment policies of technical duties with Zijin's characteristics, etc., and created a favorable and innovative environment and culture. After years of investment in technological research and development and accumulation of technologies, a batch of core technologies in the areas of mining technology, heap leaching and smelting technology, bio-recovery of copper technology, technology of chemical catalytic, oxidation of refractory gold under normal pressure, hot-pressed leaching technology, waste water and waste materials recycle technology, were formed. These core technologies foster the competitive advantages of the Company in respect of technology and costs in the long run. The Company can obtain valuable mineral resources development rights to further expand its market share.

During the reporting period, the Group has organized and completed the assessment of 6 scientific and technological achievements, applied for 13 items for scientific and technological achievements, 12 of which were awarded (including 1 national outstanding patent award; 1 science and technology special award, 2 first prizes and 2 second prizes granted by China Gold Association). The Group has also applied for 20 patents (including 18 invention patents), 22 patents (including 12 invention patents) were approved. The State Key Laboratory passed the inspection of the Ministry of Science successfully and received favorable comments. The workstation for academicians and experts was chosen as one of the first 10 exemplary workstations for academicians and experts in the province.

## Key external equity investments during the reporting period

- (1) On 27 January 2014, the Company entered into a share transfer agreement with Fujian Tianbao Mining Group Co., Ltd. ("Tianbao Mining"). The Company invested RMB410 million to acquire 10% equity interest of Fujian Makeng Mining Company Limited ("Makeng Mining") held by Tianbao Mining. After the acquisition, the Company's equity interest in Makeng Mining increased to 41.5%.
- (2) On 21 January 2014, a wholly-owned subsidiary of the Company, Fujian Zijin Investment Company Limited ("Fujian Zijin Investment", later renamed to Zijin Mining Group Southern Investment Co., Ltd.), entered into a share transfer agreement with natural persons Wang Zhaoping and Wu Weibin. Fujian Zijin Investment invested RMB35 million to acquire 100% equity interest in Liancheng Jiuxin Mining Company Limited ("Liancheng Jiuxin") held by Wang Zhaoping and Wu Weibin collectively. Liancheng Jiuxin owned the detailed survey, surrounding investigation and exploration right of the silver mine located at the Zijinsheng southern mining region, Liancheng County, Fujian Province. According to the "Evaluation Report of the Detailed Survey, Surrounding Investigation and Exploration Right of the Silver Mine Located at the Zijinsheng Southern Mining Region, Liancheng County, Fujian Province" issued by Shaanxi Qindi Mining Right Asset Evaluation Company Limited (Shaan Qindi Kuangping (2014) No.101), the assessed value of the exploration right was RMB80,430,100.

# Report of the Directors *(continued)*

*(English translation is for reference only)*

- (3) The Company convened the fifth execution and investment committee meeting of the fifth term of board of directors on 15 March 2014 and considered and approved the proposal in relation to capital enlargement of Xinjiang Aletai Jinhao Iron Co., Ltd. It was resolved that the registered capital of Xinjiang Aletai Jinhao Iron Co., Ltd. ("Jinhao Iron") enlarged from RMB0.7 billion to RMB0.81 billion. The capital enlargement of RMB0.11 billion would be injected in cash by three shareholders according to their existing shareholding ratio, in which, the Company's subsidiary Fuyun Jinshan Mining & Metallurgy Company Limited invested RMB56.1 million pro rata to its 51% shareholding; another subsidiary, Xinjiang Jinbao Mining Company Limited invested RMB11 million pro rata to its 10% shareholding; Turpan Yurun Iron and Steel Industry Trading Company Limited invested RMB42.9 million pro rata to its 39% shareholding. The above capital enlargement was completed on 30 April 2014. Jinhao Iron is mainly engaged in the development of the 1,000,000 tonnes/year high-quality cast iron project in Xinjiang.
- (4) The investment committee of the Company considered and approved the proposal in relation to participating in the IPO of Hengxing Gold Holding Company Limited in Hong Kong by voting via telecommunication on 26 April 2014. According to the resolution, the Company invested HK\$50 million to subscribe 31,250,000 ordinary shares in Hengxing Gold Holding Company Limited ("Hengxing Gold"), representing 3.38% of its total number of issued shares. Hengxing Gold is a company listed in Hong Kong and is mainly engaged in the operation of Xinjiang Jinshan gold mine.
- (5) The investment committee of the Company considered and approved the investment proposal in relation to establishment of Xiamen Boshang Zijin E-Commerce Co., Ltd. and Shenzhen Zijin Global Metals Exchange on 20 June 2014 by voting via telecommunication.

Xiamen Boshang Zijin E-Commerce Co., Ltd. ("Boshang Zijin") was established on 14 August 2014 with registered capital of RMB50 million. The Company contributed RMB25.5 million pro rata to its 51% shareholding. Another shareholder, Tianjin Bohai Commodity Exchange Co., Ltd. contributed RMB24.5 million pro rata to its 49% shareholding. Boshang Zijin is mainly engaged in wholesales of metals and metal ores, online sales and consultations of related business information and investments.

Shenzhen Zijin Global Metals Exchange ("Zijin Global") was established on 25 August 2014 with registered capital of RMB100 million. The initial capital contribution was RMB50 million, in which the Company's initial capital contribution was RMB46 million and that of another shareholder, Fujian SDIC Huijin Investment and Development Company Limited, was RMB4 million. The remaining registered capital will be injected within two years. The approved business scopes of Zijin Global include: trading of rare and precious metals (excluding gold), metal products, all kinds of mineral resources products and providing an electronic spot exchange platform and market services.

- (6) The Company's wholly-owned subsidiary, Shanxi Zijin Mining Co., Ltd. ("Shanxi Zijin") entered into a share transfer agreement with natural persons Wu Jucai, Yang Dongen, Lu Chunsheng and Yang Shuanshuan on 13 October 2014. Shanxi Zijin contributed RMB88.74 million in total to acquire 98.6% of the equity interest in Shanxi Province Fanshi County Yilian Gold Mine Co., Ltd. ("Yilian Gold Mine") held by the above four natural persons. Yilian Gold Mine owns a mining right covering 1.2983 square kilometers. According to the "Asset Evaluation Report of the Value of Equity Interest of Fanshi County Yilian Gold Mine Co., Ltd. in relation to the Project Integration between Shanxi Zijin Mining Co., Ltd. and Fanshi County Yilian Gold Mine Co., Ltd." issued by Shandong Zhongxin Asset Evaluation Co., Ltd. (Zhong Xin (2014) Ping Bao Zi No. 0207), the assessed value of the whole equity interest of Yilian Gold Mine was RMB96.2345 million. As at 31 December 2014, the acquisition had not yet been completed.
- (7) On 21 October 2014, the Company, Minxi Xinghang State-owned Assets Investment Co., Ltd., a substantial shareholder of the Company and the other 6 shareholders of Fujian Shanghang Xingcheng Guarantee Co., Ltd. ("Xingcheng Guarantee") entered into a capital increase agreement to increase capital of Xingcheng Guarantee by Minxi Xinghang and the Company. According to the agreement, the registered capital of Xingcheng Guarantee was increased from RMB100 million to RMB250 million, the increment of RMB50 million and RMB100 million were financed by the Company and Minxi Xinghang respectively. Upon completion of the transaction, the shareholding of Minxi Xinghang in Xingcheng Guarantee decreased from 79.7% to 71.88%, while the Company held 20% shareholding in Xingcheng Guarantee. The total shareholding of the other 6 shareholders of Xingcheng Guarantee decreased from 20.3% to 8.12%. The parties to the capital increase agreement unanimously agreed that the equity interest in Xingcheng Guarantee held by the Company has preferential rights over other shareholders of Xingcheng Guarantee in respect of profit and residual assets distribution. However, the right to participate in the decision-making and management of Xingcheng Guarantee is restricted. Xingcheng Guarantee is principally engaged in guarantee business including loan guarantees, bill acceptance guarantees, etc.

## Acquisition, disposal of assets and corporate mergers

### Summary and type of event

Jin Jiang Mining Limited ("Jin Jiang"), a wholly-owned overseas subsidiary of the Company, entered into a convertible bond subscription agreement ("CBS Agreement") with NKWE Platinum Limited ("NKWE") (a company incorporated in Bermuda and listed on the Australian Securities Exchange "ASX", stock code "NKP") on 25 April 2013, pursuant to which Jin Jiang will invest A\$20 million in NKWE by a placement of convertible bonds which, subject to adjustment for certain events, are convertible into 200 million NKWE shares. The subscription of the aforementioned convertible bond was completed and the convertible bond was converted into 202,576,000 NKWE shares (including interest) during the reporting period.

In addition to the convertible bond transaction, Jin Jiang entered into a conditional heads of agreement with Genorah, NKWE and other parties (the "Sale Transaction") on 16 December 2013. Under the terms of the Sale Transaction, Jin Jiang will purchase 145,880,907 ordinary shares in NKWE from Genorah for a total purchase price of A\$18,364,518. The transaction has not yet been completed at the end of the reporting period. During the reporting period, Jin Jiang further invested A\$1.9 million at an issue price of A\$0.1 per share to subscribe 19 million fully paid NKWE ordinary shares; invested A\$0.4 million to acquire the 4 million NKWE ordinary shares which were held by International Goldfields Limited (IGS).

As at the end of the reporting period, the Company held 236,152,760 NKWE shares in total (including those in secondary market), represented NKWE's 26.35% equity interest. The Company obtained approximately 4.54 million ounces (equivalent to 141 tonnes) of 3PGE+Au platinum group resources according to the shareholding. The Company has appointed 2 NKWE directors, one of them acting as the managing director of NKWE.

NKWE owns diversified Platinum Group Metals (PGM) mining rights in South Africa. Platinoid resources are rare in China, while South Africa is a vital supplying place for platinoid metals in the world. To acquire NKWE is to take control of an important piece of platinoid resource in South Africa. It is an important opportunity for the Company to enter into the African mining sector, and it is of great strategic significance to the Company as well.

Norton Gold Fields Limited ("Norton"), a subsidiary of the Company listed on the Australian Securities Exchange, issued announcement on 17 April 2014 regarding its all cash takeover for all the issued shares of Bullabulling Gold Limited ("Bullabulling") at A\$0.07 per share. On 16 June 2014, Norton conditionally increased the offer price to A\$0.08 per share. The offer was completed on 30 October 2014. Norton invested A\$28.07 million in total for 100% shareholding in Bullabulling.

Bullabulling's key asset is the wholly-owned Bullabulling Gold Project, located in Coolgardie, Western Australia. Bullabulling owns approximately 3.75 million ounces (equivalent to 117 tonnes) of gold resources.

On 15 April 2014, the Company and China Molybdenum Co., Ltd. ("China Molybdenum") entered into a share transfer agreement in relation to the transfer of 70% equity interest in Luoyang Kunyu Mining Co., Ltd. ("Kunyu Mining"). The Company invested RMB700 million to acquire 70% equity interest in Kunyu Mining.

The gold mines owned by Kunyu Mining are all located in Luoning County, Henan Province, which are in production. Kunyu Mining currently owns 5 mining rights of gold mine covering a total area of 50.66 square kilometers; 1 exploration right of gold mine covering a total area of 5.04 square kilometers. As at 31 December 2013, the five Luoning gold mines of Kunyu Mining had 56.92 tonnes of gold resources with an average grade of 4.3g/tonne.

### Index for details

For details, please refer to the Company's announcements on HKEx website (<http://www.hkex.com.hk>) dated 29 April 2013, 24 June 2013, 15 August 2013, 27 September 2013, 17 December 2013, 31 December 2013 and 7 March 2014.

For details, please refer to the Company's announcement on HKEx website (<http://www.hkex.com.hk>) dated 17 April 2014.

For details, please refer to the Company's announcement on HKEx website (<http://www.hkex.com.hk>) dated 15 April 2014.

# Report of the Directors *(continued)*

*(English translation is for reference only)*

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## Summary and type of event

The Company, Jin Cheng Mining Limited (“Jin Cheng Mining”), a wholly-owned subsidiary of the Company, and Zhejiang Huayou Cobalt Co., Ltd. (“Zhejiang Huayou”) jointly signed a share acquisition agreement on 3 November 2014. The Company designated Jin Cheng Mining as the buyer to acquire (a) 51% equity interest in La Compagnie Minière de Musonoie Global SAS (“Musonoie”) in the Democratic Republic of the Congo (the “DR Congo”) held by Zhejiang Huayou, (b) US\$4,000,000 of the shareholder’s loans provided to Musonoie by Zhejiang Huayou and (c) US\$3,187,500 of project initial fee that has been paid by Zhejiang Huayou. The aggregate consideration of the acquisition was US\$77,916,700 (approximately equivalent to RMB476,976,661).

Musonoie was incorporated in the DR Congo. Its major asset is the Kolwezi copper mine project in the DR Congo, which has not yet been put into commercial production. According to the feasibility study report prepared by China ENFI Engineering Corporation, the volume of copper resources at the Kolwezi copper mine is 1.54 million tonnes with grade of 3.93%.

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Xinxing Global Limited (“Xinxing Global”), a wholly-owned subsidiary of the Company, entered into a share subscription agreement with Pretium Resources Inc. (“Pretium”), a company listed on the Toronto Stock Exchange and the New York Stock Exchange, on 8 December 2014. Xinxing Global agreed to subscribe 12,836,826 common shares of Pretium with cash consideration of Canadian Dollar (“CAD”) 6.3 per share. The total consideration was CAD80,872,004 for 9.9% shareholding in Pretium. As at 31 December 2014, the acquisition had not been completed yet.

Pretium is a mine exploration and development company incorporated in Canada. Its major assets are the 100% interest owned in the quartz vein type Brucejack gold and silver mine and the porphyry type Snowfield gold and silver mine located in the northwest British Columbia, Canada. The Brucejack project owns approximately 235 tonnes of gold reserves, 955 tonnes of silver reserves; the measured + indicated gold resources and silver resources are approximately 300 tonnes and 1,520 tonnes respectively.

## Index for details

For details, please refer to the Company’s announcement on HKEx website (<http://www.hkex.com.hk>) dated 3 November 2014.

For details, please refer to the Company’s announcement on HKEx website (<http://www.hkex.com.hk>) dated 8 December 2014.

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## Disposal of subsidiaries

On 18 October 2014, the Company entered into a share transfer agreement with Longkou City Jinhe Industrial and Trading Co., Ltd. (“Jinhe Industrial and Trading”), pursuant to which the Company transferred the 100% shareholding and the debts receivable it held in Longkou Jinfeng Co., Ltd. (“Longkou Jinfeng”) to Jinhe Industrial and Trading with a consideration of RMB153 million (in which the share transfer price for the 100% shareholding was RMB84.6 million). Upon completion of the transfer, the Company no longer holds equity interest in Longkou Jinfeng. Longkou Jinfeng owns a mining right and an exploration right for the deep and surrounding part of the gold mine at Xishan mining area in Longkou City, Shandong Province. According to the “Asset Evaluation Report for the Shareholding Restructuring Involving all the Shareholders’ Equity Interest in Longkou Jinfeng Co., Ltd.” prepared by Shandong Zhongxin Asset Evaluation Co., Ltd. (Zhongxin Ping Bao Zi (2014) No. 0143), the assessed value of equity interest of Longkou Jinfeng was RMB85.3909 million.

## Merger of enterprises

On 12 June 2014, Hunchun Zijin Mining Company Limited (“Hunchun Zijin”), a wholly-owned subsidiary of the Company, entered into an absorption and acquisition agreement with its wholly-owned subsidiary Hunchun Multi-metals Company Limited (“Hunchun Multi-metals”). Hunchun Zijin merged with Hunchun Multi-metals by absorption. After the absorption, Hunchun Zijin continued to exist while Hunchun Multi-metals lawfully deregistered. Both the registered capital and paid-up capital of Hunchun Zijin and Hunchun Multi-metals were RMB200 million respectively. The registered capital and paid-up capital of Hunchun Zijin remain unchanged after the absorption. The absorption was completed during the reporting period. Hunchun Zijin is mainly engaged in the development of Shuguang gold and copper mine while Hunchun Multi-metals is mainly engaged in the integrated recovery of multi-metals complex gold concentrates project.



On 6 August 2014, Zijin Copper Company Limited (“Zijin Copper”), a wholly-owned subsidiary of the Company entered into a merger agreement with Fujian Jinshan Gold Refinery Company Limited (“Jinshan Gold Refinery”), another wholly-owned subsidiary of the Company. Zijin Copper merged with Jinshan Gold Refinery by absorption. After the absorption, Zijin Copper continued to exist while Jinshan Gold Refinery lawfully deregistered. The registered capital of Zijin Copper and Jinshan Gold Refinery were RMB1.8183 billion and RMB298 million respectively. The registered capital of Zijin Copper would become RMB2.1163 billion after the absorption. The Company still holds 100% equity interest in Zijin Copper. The absorption was completed during the reporting period. Zijin Copper is mainly engaged in the 200,000 tonnes copper refinery project while Jinshan Gold Refinery is mainly engaged in refinery of refractory gold concentrates.

## Major litigation and arbitration

### Summary and type of event

On 21 September 2010, the collapse of Yinyan Tin Mine Gaoqiling tailing pool dam of Xinyi Zijin and the collapse of the dam of Shihuadi hydropower station in Qianpai Town, Xinyi City were affected by the extreme weather brought by typhoon “Fanapi”, resulting in casualties and property damage downstream. The local government and the victims sued Xinyi Zijin and other defendants in the People’s Court of Xinyi City. Most of the litigations arising from this incident were settled by way of mediation in 2011 and 2012.

Only part of the disputed litigations is still in progress now: the 6 hydropower plants including Shihuadi and a water treatment plant sued the defendants including Xinyi Zijin for liability for damages due to collapse of structures. The People’s Court in Xinyi City conducted a hearing in September 2014. Before and during the hearing, some of the plaintiffs changed their claims. The total amount of claims for the 7 cases were changed from RMB52,284,733 to RMB68,190,631. For the proceeding from Xinyi Zijin to defendants including Shihuadi hydropower plant for recovery of damages (the court determined the cause was a dispute on the liability for damages due to collapse of structures), the People’s Court in Xinyi City conducted a hearing in September 2014, Xinyi Zijin made a claim of RMB49.9 million to the defendants. A verdict has yet to be made in the aforementioned case.

### Index for details

For details, please refer to the Company’s announcements on HKEx website (<http://www.hkex.com.hk>) dated 9 March 2012 and 13 September 2012.

## Litigation, arbitration which have not been published in provisional announcements or without further progress

Currency: RMB’000

During the reporting period:

Plaintiff(s)	Defendant(s)	Jointly and severally liable parties	Type of proceedings (arbitration)	Basic information of proceeding (arbitration)	Amount involved in proceedings (arbitration)	Whether expected liabilities and amount are formed for the proceedings (arbitration)	Progress of proceedings (arbitration)	Hearing results and impacts of proceeding (arbitration)	Enforcement progress of verdict (arbitration)
Zijin Mining Group Company Limited	Zhongxing Henghe Investment Group Company Limited	Nil	Civil	On 28 April 2010, the plaintiff entered into a Share Transfer Framework Agreement with the defendant. Since the defendant failed to refund the deposit on time, the plaintiff filed the claims.	45,000	Fully impaired for the year ended 2012	The verdict in the second hearing requested the defendant to refund RMB45 million to the plaintiff and bear the relevant interest costs and legal fee.	The Company applied to the court to enforce the verdict.	In progress

# Report of the Directors *(continued)*

*(English translation is for reference only)*

## Material connected transactions

### Connected transactions related to ordinary business

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#### Summary of event

Fujian Shanghang Ting River Hydropower Co., Ltd. ("Ting River Hydropower") is a subsidiary of Minxi Xinghang, the Company's substantial shareholder, and an associate of Zijin Finance, the Company's subsidiary. Zijin Finance provides financial services to Ting River Hydropower. As at the end of the reporting period, Zijin Finance has provided loans in the amount of RMB27.1 million to Ting River Hydropower.

#### Index for details

For details, please refer to the Company's announcement on HKEx website (<http://www.hkex.com.hk>) dated 9 January 2014.

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The Company's subsidiary, Xinjiang Ashele Copper Co., Ltd. ("Xinjiang Ashele"), sold copper concentrates to Xinjiang Wuxin Copper Company Limited which is indirectly held by Xinjiang Ashele's major shareholder, Xinjiang Non-ferrous Metals Industry (Group) Company Limited. One of Xinjiang Ashele's ordinary businesses is selling copper concentrates and the contract is entered into under normal commercial terms, which reflects the principle of fairness and reasonableness. During the reporting period, copper concentrates amounted to RMB228.02 million were sold to Xinjiang Wuxin Copper Company Limited by Xinjiang Ashele.

For details, please refer to the Company's announcement on HKEx website (<http://www.hkex.com.hk>) dated 14 April 2014.

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### Material connected transaction of common external investment

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#### Summary of event

On 21 October 2014, the Company, Minxi Xinghang State-owned Assets Investment Co., Ltd. ("Minxi Xinghang"), a substantial shareholder of the Company and the other 6 shareholders of Xingcheng Guarantee entered into a capital increase agreement to increase capital of Xingcheng Guarantee by the Company and Minxi Xinghang.

According to the agreement, the registered capital of Xingcheng Guarantee was increased from RMB100 million to RMB250 million, the increment of RMB50 million and RMB100 million were financed by the Company and Minxi Xinghang respectively. Upon completion of the transaction, the shareholding of Minxi Xinghang in Xingcheng Guarantee decreased from 79.7% to 71.88%, while the Company held 20% shareholding in Xingcheng Guarantee. The total shareholding of the other 6 shareholders of Xingcheng Guarantee decreased from 20.3% to 8.12%. The parties to the capital increase agreement unanimously agreed that the equity interest in Xingcheng Guarantee held by the Company have preferential rights over other shareholders of Xingcheng Guarantee in respect of profit and residual assets distribution. However, the right to participate in the decision-making and management of Xingcheng Guarantee is restricted.

Xingcheng Guarantee is principally engaged in guarantee business including loan guarantees, bill acceptance guarantees, etc.

#### Index for details

For details, please refer to the Company's announcement on HKEx website (<http://www.hkex.com.hk>) dated 21 October 2014.

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Save as disclosed above, the related party transactions disclosed in the auditors' report were not the non-exempt connected transactions defined by Chapter 14A of the Listing Rules.

Accordingly, it is confirmed by the Directors that:

- (a) The connected parties in the above connected transactions have undertaken to the Company and the Stock Exchange to provide adequate access for auditors' inspection of the relevant books and records, in order to review the above connected transactions and prepare the relevant reports.
- (b) The Company has undertaken to the Stock Exchange, if it is aware or has reasons to believe that the independent non-executive directors and/or auditors are unable to confirm that the relevant transactions comply with the Listing Rules and the restrictions under the waiver conditions that the Company must immediately notify the Stock Exchange. The Company may have to comply with the relevant requirements of the Listing Rules to disclose and obtain independent shareholders' approval, or make corrections based on the instructions of the Listing Division of the Stock Exchange.
- (c) Independent non-executive directors of the Group have reviewed and confirmed that all the connected transactions of the Company or its subsidiaries involved in the year 2014 were:
  - 1. entered into in the ordinary and normal course of business of the Company or its subsidiaries;
  - 2. entered into on normal commercial terms; or where no comparisons are available, then under terms which are fair and reasonable to the shareholders of the Company;
  - 3. entered into under the terms of the agreement governing such transactions; or where no such agreement is available, under terms not inferior to those available from or to independent third parties.
- (d) The Group's auditors have reviewed the transactions (details of which are set out in Note X to the financial statements), and confirmed to the Board that:
  - 1. the transactions have been approved by the Board;
  - 2. terms of the agreement of the relevant transactions are attached to the connected transactions;
  - 3. the aggregated amounts of the transactions have not exceeded the respective announced annual caps.

In addition, no director has any interests in the material contracts.

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director or supervisor of the Company had a material interest, whether directly or indirectly, subsisted at the end of the reporting period or at any time during the year.

Save for the connected transactions/related party transactions as disclosed in this report, there were no contracts of significance between the listed issuer or its subsidiaries and the controlling shareholder or any of its subsidiaries.

Save as disclosed above, please refer to the Note X to the financial statements for the details of commodity purchase, service offering and other related party transactions.

## **THE COMPANY'S CORE TECHNICAL TEAM OR KEY TECHNICIANS**

The Group's research and development team on technology mainly works for the State Key Laboratory for integrated utilization of low-grade refractory gold resources, Xiamen Geological Prospecting Institution, Zijin Research and Design Institute of Mining and Metallurgy, Xiamen Zijin Mining and Metallurgy Technology Company Limited. The key technical personnel consist of academic leaders from geology, mining, processing, metallurgy, environmental protection, engineering application and design professions.

The Company has developed a talent development plan according to the principle of "openness, mobility, collaboration, competition, efficiency and innovation" and "make good use of existing personnel, retain key personnel, recruit essential personnel and nurture future personnel". The Company has introduced a mass of new force from universities and research institutions through special allowance policy, post-doctoral policy, order-based training, high pay for elites, etc. Meanwhile, the Company actively creates better environment and conditions, plays a role as an academic leader to "impart, assist and lead", has the courage to use and train young technicians and let them exercise, improve and grow rapidly during practice, and puts efforts to build a high-quality and diversified team of technological innovation/research and development. Currently, the core technical personnel is stable, which provides an excellent condition for the Company's innovative technology and sustainable development. There is no change in personnel that would have a significant impact on the Company's core competence.

# Report of the Directors *(continued)*

*(English translation is for reference only)*

Currently, the Company mainly manages its core technologies by patented technology and non-patented technology to prevent risks. Technicians involved in non-patented technology have to sign confidentiality agreement. Protection of patent right is very important for patented technology thus measures such as patent licensing and patent warning are used to protect the patents. Since the patented technology of the mining sector is difficult to be replicated and has its exclusivity, intellectual property dispute is not commonly found. Although there is no intellectual property dispute for now, the Company will pay close attention to the protection and use of intellectual property of the same industry from now on. In case there is any dispute in the future, we will collect evidence and file a lawsuit to the related intellectual property administrative or judicial departments through agency specialized in intellectual property for proper protection and compensation.

## STAFF OF THE COMPANY AND ITS MAJOR SUBSIDIARIES

### (1) STAFF

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The number of current staff of the Company	3,200
The number of current staff of the major subsidiaries	20,024
Total number of current staff	23,224
The number of retired employees that the Company and the major subsidiaries are responsible for the retirement expenses	252

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#### Profession structure

Classification	Number of Staff
Production	12,343
Sales	276
Technical	5,441
Finance	528
Administration	4,636
Total	23,224

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#### Education

Classification	Number of Staff
Master's degree or above	311
Bachelor's degree	3,165
Tertiary education	4,263
Secondary school or below	15,485
Total	23,224

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## (2) REMUNERATION POLICY

According to the Company's strategy and the actual development, the Company established an overall salary structure in combination of the basic salary as the main body, supplemented by performance bonuses, allowances and welfares. The Company's remuneration management adopts the strategy of "high pay for elites", which is to provide basic salary with market competitiveness, and at the same time to continuously improve the competence of staff; while implementing performance bonus assessment management system based on improvement in efficiency and management, the Company fully stimulates the potential of staff at all levels. Also, in addition to the payment of social insurance and housing fund for employees in accordance with the law, the Company also provides employees with welfares such as the supplementary medical insurance, paid annual leaves, allowances, etc. In order to maintain a stable workforce and retain the Company's core and key talents, the Company also implements mid-to-long-term incentive policy.

## (3) TRAINING PROGRAMMES

According to the annual training programme, the Group organized trainings regarding benchmark management and quantified KPI management, basic mining knowledge training (geology class, mining class, processing class) for non-mining staff, international mining talent (IMT) training and orientation for new employees and other projects. The Group's headquarters and affiliated enterprises carried out more than 20 training programmes on specific topics covering knowledge of financial management, production technology, work safety and environmental protection, etc., further promoted the implementation of excellent management experience and advanced technology and methods in the Group's companies, and improved the vocational skills and comprehensive competence of staff.

## OUTSOURCING STATUS

Total working hours of outsourcing services	Measured by quantity in mining and striping production
Total outsourcing payment	RMB2,268,888,873

## DISCLOSURE OF INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND SUPERVISORS OF THE COMPANY

As at 31 December 2014, the interests of the Directors or supervisors of the Company in the shares or equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO to be entered into the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange are as follows:

Shareholdings of Directors and supervisors of the Company as at 31 December 2014:

Director	Number of domestic shares/ amount of equity interest held	Nature of interest	Long/short positions	Approximate percentage of shareholding in the same class of securities	Approximate percentage of shareholding in the registered capital
Chen Jinghe	110,000,000	Personal	Long	0.70%	0.51%
Lan Fusheng	7,500,000	Personal	Long	0.05%	0.03%
Zou Laichang	1,500,000	Personal	Long	0.01%	0.01%
Lin Hongfu	750,000	Personal	Long	0.01%	0.01%

# Report of the Directors *(continued)*

*(English translation is for reference only)*

Supervisor	Number of domestic shares/ amount of equity interest held	Nature of interest	Long/short positions	Approximate percentage of shareholding in the same class of securities	Approximate percentage of shareholding in the registered capital
Liu Wenhong	24,450	Personal	Long	0.01%	0.01%

Save as disclosed above, none of the Directors and supervisors or their associates has any interest in the securities of the Company or its associated corporations (as defined in the SFO) during the reporting period. None of the Directors and supervisors or their spouse or children under the age of 18 years is holding any option to subscribe securities or debentures of the Company, or has exercised any such option.

Save as disclosed above, no arrangement has been entered into between the Company or its holding company or its subsidiaries during any time in the reporting period, which will allow the Directors or supervisors of the Company to be benefited by acquiring the shares or debentures of the Company or other body corporates.

## SHARE CAPITAL AND SHAREHOLDERS

### CHANGE OF ISSUED SHARES

For the year ended 31 December 2014, the Company repurchased 127,344,000 H shares in aggregate. Details as follow:

At the 2012 annual general meeting, the first A Shareholders' class meeting in 2013 and the first H Shareholders' class meeting in 2013 convened by the Company on 28 May 2013, a resolution in relation to the proposal to grant a general mandate to the Board of the Company to repurchase H shares was approved. The Board continued the repurchase of H shares according to the authorization in 2014. During the period from 1 January 2014 to 7 February 2014, the Company repurchased 54,302,000 shares in aggregate with the total amount paid of HK\$90,893,440 (excluding commission and other expenses). The repurchased shares mentioned above have been cancelled by Computershare Hong Kong Investor Services Limited. The change of business registration process in the PRC for the cancellation of the repurchased H shares has also been completed.

At the 2013 annual general meeting, the first A Shareholders' class meeting in 2014 and the first H Shareholders' class meeting in 2014 convened by the Company on 28 May 2014, a resolution in relation to the proposal of granting a general mandate to the Board of the Company to repurchase H shares was approved. According to the authorization, the Company started to implement repurchases of H shares on 15 September 2014. As at 31 December 2014, the number of H shares repurchased was 73,042,000 in aggregate with the total amount paid of HK\$142,715,800 (excluding commission and other expenses). The cancellation of H shares repurchased was completed at Computershare Hong Kong Investor Services Limited, but the change of business registration in the PRC for the cancellation of the repurchased H shares has not yet been completed.

Details of the Company's issued ordinary shares (with par value of RMB0.1 each) as at 31 December 2014 are set out in Note V.36 to the financial statements.

## SHAREHOLDING STRUCTURE

As at 31 December 2014, the Company has a total of 865,691 shareholders, of which 1,043 are holders of H shares and 864,648 are holders of domestic shares. By approximate percentage of shareholding in the registered capital, the shareholdings of the Company's top ten shareholders are as follows:

	<b>Shareholders' names</b>	<b>Class of shares</b>	<b>Number of shares held</b>	<b>Approximate percentage of shareholding in the registered capital*</b>
1.	Minxi Xinghang State-owned Assets Investment Co., Ltd. (Notes 2 & 3)	Domestic Shares	5,916,353,180	27.43%
2.	HKSCC Nominees Limited (Note 1)	H Shares	5,735,719,229	26.59%
3.	Xinhuadu Industrial Group Co., Ltd.	Domestic Shares	1,850,158,372	8.58%
4.	Shanghang County Jinshan Trading Co., Ltd.	Domestic Shares	256,245,000	1.19%
5.	Xiamen Hengxing Group Co., Ltd.	Domestic Shares	128,691,133	0.60%
6.	Chen Jinghe	Domestic Shares	110,000,000	0.51%
7.	Qiu Hui	Domestic Shares	54,534,352	0.25%
8.	Bank of China – Harvest CSI 300 Index ETF	Domestic Shares	43,231,968	0.20%
9.	Yunnan International Trust Co., Ltd.– Yunxin Growth 2007-2 Fifth Capital Trust	Domestic Shares	34,508,886	0.16%
10.	Industrial and Commercial Bank of China – Huatai-PineBridge CSI 300 Index ETF	Domestic Shares	32,576,405	0.15%

Notes:

\* Percentage calculation based on 21,572,813,650 shares.

1. HKSCC Nominees Limited is holding 5,735,719,229 H shares in the Company as a nominee, representing 26.59% of the Company's shares in issue. HKSCC Nominees Limited is a member of the Central Clearing and Settlement System, which carries out securities registration and custodian business for customers.
2. 208,484,145 A shares of the Company held by Minxi Xinghang State-owned Assets Investment Co., Ltd. has to be transferred to National Council for Social Security Fund, PRC, that part of the stock is frozen.
3. Minxi Xinghang State-owned Assets Investment Co., Ltd. has pledged 1,998,484,145 A shares of the Company.

# Report of the Directors *(continued)*

*(English translation is for reference only)*

## SUBSTANTIAL SHAREHOLDERS

So far as the Directors, supervisors and chief executives are aware, as at 31 December 2014, the interests and long/short positions of substantial shareholders (except directors, supervisors and the chief executives of the Company) in the issued share capital of the Company which will be required, pursuant to Section 336 of the Securities and Futures Ordinance ("SFO"), to be entered into the register referred to therein, or holding 5% or above in the issued share capital of the Company which will be required to be notified to the Company are as follows:

Name of shareholders	Class of shares	Number of shares/equity interest held	Approximate percentage of the total number of issued shares*	Approximate percentage of the total number of issued domestic shares	Approximate percentage of the total number of issued H shares**	Long/short positions
Minxi Xinghang State-owned Assets Investment Co., Ltd.	Domestic Shares	5,916,353,180	27.43%	37.44%	—	Long
Xinhuadu Industrial Group Company Limited	Domestic Shares	1,850,158,372 (Note 1)	8.58%	11.71%	—	Long
Chen Fashu	Domestic Shares	1,865,274,662 (Note 2)	8.65%	11.80%	—	Long
The Bank of New York Mellon Corporation	H Shares	439,282,233 (Note 3)	2.04%	—	7.52%	Long
The Bank of New York Mellon Corporation	H Shares	432,940,763 (Note 3)	2.01%	—	7.41%	Lending pool
BlackRock, Inc.	H Shares	377,696,406 (Note 4)	1.75%	—	6.47%	Long
BlackRock, Inc.	H Shares	9,138,000 (Note 4)	0.04%	—	0.16%	Short
Van Eck Associates Corporation	H Shares	366,936,000 (Note 5)	1.70%	—	6.28%	Long
Market Vectors ETF - Market Vectors Gold Miners ETF	H Shares	366,936,000 (Note 6)	1.70%	—	6.28%	Long
Morgan Stanley	H Shares	324,671,081 (Note 7)	1.51%	—	5.55%	Long
Morgan Stanley	H Shares	278,255,036 (Note 7)	1.29%	—	4.76%	Short

Notes:

\* Percentage calculation based on 21,572,813,650 shares.

\*\* Percentage calculation based on 5,842,052,000 shares of H share.

(1) Xinhuadu Industrial Group Company Limited holds 1,850,158,372 domestic shares in the Company.

(2) Mr. Chen Fashu holds 15,116,290 domestic shares in the Company. Mr. Chen Fashu also holds 73.56% interests in the issued share capital of Xinhuadu Industrial Group Company Limited. Pursuant to Section 316 of the SFO, Mr. Chen Fashu is deemed to be interested in 1,850,158,372 domestic shares in the Company. Therefore, Mr. Chen Fashu is deemed to be interested in 1,865,274,662 domestic shares in the Company.

(3) The Bank of New York Mellon Corporation is interested in 439,282,233 H shares (Long position) of the Company (representing approximately 7.52% of the total issued H shares of the Company) and 432,940,763 H shares (Lending pool) of the Company (representing approximately 7.41% of the total issued H shares of the Company).



## Report of the Directors *(continued)*

*(English translation is for reference only)*

According to the disclosure form filed by The Bank of New York Mellon Corporation on 22 December 2014, the following interests in shares were held by The Bank of New York Mellon Corporation in the following capacity:

Capacity	No. of Shares
Corporations controlled by The Bank of New York Mellon Corporation	439,282,233 (Long position) 432,940,763 (Lending pool)

These shares were held by The Bank of New York Mellon Corporation through its controlled corporations, the details of which are as follows:

Name of controlled corporation	Address and place of incorporation	Name of controlling shareholder	% control	Direct interest	Number of shares
The Bank of New York Mellon	One Wall Street New York, New York 10286 USA (New York)	The Bank of New York Mellon Corporation	100.00	Y	Long position 439,282,233

- (4) BlackRock, Inc. is interested in 377,696,406 H shares (Long position) of the Company (representing approximately 6.47% of the total issued H shares of the Company) and 9,138,000 H shares (Short position) of the Company (representing approximately 0.16% of the total issued H shares of the Company).

According to the disclosure form filed by BlackRock, Inc. on 5 January 2015, the following interests in shares were held by BlackRock, Inc. in the following capacity:

Capacity	No. of Shares
Corporations controlled by BlackRock, Inc.	377,696,406 (Long position) 9,138,000 (Short position)

These shares were held by BlackRock, Inc. through its controlled corporations, the details of which are as follows:

Name of controlled corporation	Address and place of incorporation	Name of controlling shareholder	% control	Direct interest	Number of shares
Trident Merger, LLC	1209 Orange Street, Wilmington DE 19801, United States (Delaware, USA)	Blackrock Inc.	100.00	N	Long position 3,279,250
BlackRock Investment Management, LLC	1209 Orange Street, Wilmington, New Castle County, Delaware 19801, United States (Delaware, USA)	Trident Merger, LLC	100.00	Y	Long position 3,279,250
BlackRock Holdco 2 Inc.	1209 Orange Street, Wilmington DE 19801, United States (Delaware, USA)	Blackrock Inc.	100.00	N	Long position 374,417,156 Short position 9,138,000
BlackRock Financial Management, Inc.	1209 Orange Street, Wilmington, New Castle County, Delaware 19801, United States (Delaware, USA)	BlackRock Holdco 2 Inc.	100.00	N	Long position 368,277,176 Short position 9,138,000
BlackRock Financial Management, Inc.	1209 Orange Street, Wilmington, New Castle County, Delaware 19801, United States (Delaware, USA)	BlackRock Holdco 2 Inc.	100.00	Y	Long position 6,139,980
BlackRock Holdco 4 LLC	1209 Orange Street, Wilmington DE 19801, United States (Delaware, USA)	BlackRock Financial Management, Inc.	100.00	N	Long position 175,386,000 Short position 6,622,000
BlackRock Holdco 6 LLC	1209 Orange Street, Wilmington DE 19801, United States (Delaware, USA)	BlackRock Holdco 4 LLC	100.00	N	Long position 175,386,000 Short position 6,622,000

# Report of the Directors *(continued)*

*(English translation is for reference only)*

Name of controlled corporation	Address and place of incorporation	Name of controlling shareholder	% control	Direct interest	Number of shares
BlackRock Delaware Holdings, Inc.	1209 Orange Street, Wilmington, New Castle County, Delaware 19801, United States (Delaware, USA)	BlackRock Holdco 6 LLC	100.00	N Long position Short position	175,386,000 6,622,000
BlackRock Institutional Trust Company, N.A.	1225 17th Street, Suite 300, Denver, CO 80202 (Colorado, USA)	BlackRock Delaware Holdings, Inc.	100.00	Y Long position Short position	92,839,000 6,622,000
BlackRock Fund Advisors	400 Howard Street San Francisco, CA 94105, United States (California, USA)	BlackRock Delaware Holdings, Inc.	100.00	Y Long position	82,547,000
BlackRock Advisors Holdings Inc.	1635 Market Street, Philadelphia PA 19103 (Pennsylvania, USA)	BlackRock Financial Management, Inc.	100.00	N Long position Short position	192,891,176 2,516,000
BlackRock Capital Holdings, Inc.	1209 Orange Street, Wilmington, New Castle County, Delaware 19801, United States (Delaware, USA)	BlackRock Advisors Holdings Inc.	100.00	N Long position Short position	3,802,000 1,616,000
BlackRock Advisors, LLC	1209 Orange Street, Wilmington, New Castle County, Delaware 19801, United States (Delaware, USA)	BlackRock Capital Holdings, Inc.	100.00	Y Long position Short position	3,802,000 1,616,000
BlackRock International Holdings Inc.	1209 Orange Street, Wilmington, New Castle County, Delaware 19801, United States (Delaware, USA)	BlackRock Advisors Holdings Inc.	100.00	N Long position Short position	189,089,176 900,000
BR Jersey International LP	13 Castle Street, St. Helier, Jersey, Channel Islands JE4 5UT (Jersey)	BlackRock International Holdings Inc.	100.00	N Long position Short position	189,089,176 900,000
BlackRock Cayco Ltd.	c/o Walkers SPV Limited, P.O. Box 908GT, Walker House, Mary Street, George Town, British West Indies, Cayman Islands (Cayman Islands)	BR Jersey International LP	100.00	N Long position	6,118,000
BlackRock Trident Holding Company Limited	Taney Hall, Eglinton Terrace, Dundrum, Dublin 14, Ireland (Ireland)	BlackRock Cayco Ltd.	100.00	N Long position	6,118,000
BlackRock Japan Holdings GK	Marunouchi Trust Tower Main, 1-8-3 Marunouchi, Chiyoda-ku, Tokyo 100-8217 (Japan)	BlackRock Trident Holding Company Limited	100.00	N Long position	6,118,000
BlackRock Japan Co Ltd	Marunouchi Trust Tower Main, 1-8-3 Marunouchi, Chiyoda-ku, Tokyo 100-8217 (Japan)	BlackRock Japan Holdings GK	100.00	Y Long position	6,118,000
BlackRock (Institutional) Canada Ltd	250 Yonge Street, Suite 2400, Toronto ON M5B 2M6, Canada (Ontario, Canada)	BR Jersey International LP	100.00	N Long position	894,000
BlackRock Holdings Canada Limited	161 Bay Street, Suite 2500, Toronto, Ontario M5J 2S1, Canada (Ontario, Canada)	BlackRock (Institutional) Canada Ltd	100.00	N Long position	894,000

## Report of the Directors *(continued)*

*(English translation is for reference only)*

Name of controlled corporation	Address and place of incorporation	Name of controlling shareholder	% control	Direct interest	Number of shares	
BlackRock Asset Management Canada Limited	161 Bay Street, Suite 2500, Toronto, Ontario M5J 2S1, Canada (Ontario, Canada)	BlackRock Holdings Canada Limited	100.00	Y	Long position	894,000
BlackRock Australia Holdco Pty Ltd	Level 26, 101 Collins Street Melbourne VIC 3000 Australia (Victoria, Australia)	BR Jersey International LP	100.00	N	Long position	874,000
BlackRock Investment Management (Australia) Limited	Level 26, 101 Collins Street Melbourne VIC 3000 Australia (Victoria, Australia)	BlackRock Australia Holdco Pty Ltd	100.00	Y	Long position	874,000
BlackRock HK Holdco Limited	13th Floor, One Pacific Place, 88 Queensway, Hong Kong (Hong Kong)	BR Jersey International LP	100.00	N	Long position	27,132,029
BlackRock Asset Management North Asia Limited	16/F, Cheung Kong Center, No. 2 Queen's Road Central, Hong Kong (Hong Kong)	BlackRock HK Holdco Limited	100.00	Y	Long position	27,132,029
BlackRock Group Limited	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom (England & Wales, United Kingdom)	BR Jersey International LP	100.00	N	Long position Short position	154,071,147 900,000
BlackRock (Netherlands) B.V.	Rembrandt Tower, 17th floor, Amstelplein, Amsterdam Netherlands (Amsterdam, Netherlands)	BlackRock Group Limited	100.00	Y	Long position	1,466,000
Blackrock Advisors (UK) Limited	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom (England & Wales, United Kingdom)	BlackRock Group Limited	100.00	Y	Long position	80,095,718
BlackRock International Limited	Exchange Place One, 1 Semple Street, Edinburgh, EH3 8BL, United Kingdom (Scotland, United Kingdom)	BlackRock Group Limited	100.00	N	Long position	554,000
BlackRock International Limited	Exchange Place One, 1 Semple Street, Edinburgh, EH3 8BL, United Kingdom (Scotland, United Kingdom)	BlackRock Group Limited	100.00	Y	Long position	4,258,000
BlackRock Luxembourg Holdco S.a.r.l.	6D, Route de Trèves, Senningerberg, L-2633, Luxembourg (Luxembourg)	BlackRock Group Limited	100.00	N	Long position	49,634,341
BlackRock Investment Management Ireland Holdings Ltd	JP Morgan House, International Financial Services Centre, Dublin 1, Ireland (Ireland)	BlackRock Luxembourg Holdco S.a.r.l.	100.00	N	Long position	44,368,341
BlackRock Asset Management Ireland Limited	JP Morgan House, International Financial Services Centre, Dublin 1, Ireland (Ireland)	BlackRock Investment Management Ireland Holdings Ltd	100.00	Y	Long position	44,368,341
BlackRock (Luxembourg) S.A.	6D, Route de Trèves, Senningerberg, L-2633, Luxembourg (Luxembourg)	BlackRock Luxembourg Holdco S.a.r.l.	100.00	Y	Long position	5,266,000

# Report of the Directors *(continued)*

*(English translation is for reference only)*

Name of controlled corporation	Address and place of incorporation	Name of controlling shareholder	% control	Direct interest	Number of shares	
BlackRock Investment Management (UK) Ltd	12 Throgmorton Avenue. London, EC2N 2DL, United Kingdom (England & Wales, United Kingdom)	BlackRock Group Limited	100.00	N	Long position Short position	2,148,250 900,000
BlackRock Investment Management (UK) Ltd	12 Throgmorton Avenue. London, EC2N 2DL, United Kingdom (England & Wales, United Kingdom)	BlackRock Group Limited	100.00	Y	Long position	15,914,838
BlackRock Fund Managers Ltd	12 Throgmorton Avenue. London, EC2N 2DL, United Kingdom (England & Wales, United Kingdom)	BlackRock Investment Management (UK) Ltd	100.00	Y	Long position Short position	2,148,250 900,000
BlackRock Life Limited	12 Throgmorton Avenue. London, EC2N 2DL, United Kingdom (England & Wales, United Kingdom)	BlackRock International Limited	100.00	Y	Long position	554,000

- (5) Market Vectors ETF - Market Vectors Gold Miners ETF is managed by Van Eck Associates Corporation. Van Eck Associates Corporation is deemed to be interested in 366,936,000 H shares (Long position) of the Company (representing approximately 6.28% of the total issued H shares of the Company).
- (6) Market Vectors ETF - Market Vectors Gold Miners ETF is interested in 366,936,000 H shares (Long position) of the Company (representing approximately 6.28% of the total issued H shares of the Company).
- (7) Morgan Stanley is interested in 324,671,081 H shares (Long position) of the Company (representing approximately 5.55% of the total issued H shares of the Company) and 278,255,036 H shares (Short position) of the Company (representing approximately 4.76% of the total issued H shares of the Company).

According to the disclosure form filed by Morgan Stanley on 2 January 2015, the following interests in shares were held by Morgan Stanley in the following capacity:

Capacity	No. of Shares
Corporations controlled by Morgan Stanley	324,671,081 (Long position) 278,255,036 (Short position)

These shares were held by Morgan Stanley through its controlled corporations, the details of which are as follows:

Name of controlled corporation	Address and place of incorporation	Name of controlling shareholder	% control	Direct interest	Number of shares	
Morgan Stanley Capital Management, LLC	1585 Broadway, New York, New York, 10036, New York. Place of incorporation: USA	Morgan Stanley	100.00	N	Long position Short position	324,671,081 278,255,036
Morgan Stanley Domestic Holdings, Inc.	1585 Broadway, New York, New York, 10036, New York. Place of incorporation: USA	Morgan Stanley Capital Management, LLC	100.00	N	Long position Short position	324,671,081 278,255,036
Morgan Stanley International Incorporated	1585 Broadway, New York, New York, 10036, New York. Place of incorporation: USA	Morgan Stanley	90.00	N	Long position Short position	246,857,999 117,211,654
Morgan Stanley International Incorporated	1585 Broadway, New York, New York, 10036, New York. Place of incorporation: USA	Morgan Stanley Domestic Holdings, Inc.	10.00	N	Long position Short position	246,857,999 117,211,654
MSDW Investment Holdings (US) LLC	1585 Broadway, New York, New York, 10036, New York. Place of incorporation: USA	Morgan Stanley International Incorporated	100.00	N	Long position Short position	246,857,999 117,211,654



# Report of the Directors *(continued)*

*(English translation is for reference only)*

Name of controlled corporation	Address and place of incorporation	Name of controlling shareholder	% control	Direct interest	Number of shares
Morgan Stanley International Holdings Inc.	1585 Broadway, New York, New York, 10036, New York. Place of incorporation: USA	Morgan Stanley	72.00	N	Long position 246,857,999 Short position 117,211,654
Morgan Stanley International Holdings Inc.	1585 Broadway, New York, New York, 10036, New York. Place of incorporation: USA	Morgan Stanley Domestic Holdings, Inc.	10.00	N	Long position 246,857,999 Short position 117,211,654
Morgan Stanley International Holdings Inc.	1585 Broadway, New York, New York, 10036, New York. Place of incorporation: USA	Morgan Stanley International Incorporated	18.00	N	Long position 246,857,999 Short position 117,211,654
Morgan Stanley International Holdings Inc.	1585 Broadway, New York, New York, 10036, New York. Place of incorporation: USA	MSDW Investment Holdings (US) LLC	0.00	N	Long position 246,857,999 Short position 117,211,654
Morgan Stanley International Limited	25 Cabot Square, Canary Wharf, London, E14 4QA, Place of incorporation: UNITED KINGDOM	Morgan Stanley International Holdings Inc.	99.99	N	Long position 246,587,999 Short position 117,211,654
Morgan Stanley Group (Europe)	20 Bank Street, Canary Wharf, London, E14 4AD, Place of incorporation: UNITED KINGDOM	Morgan Stanley International Limited	100.00	N	Long position 246,587,999 Short position 117,211,654
Morgan Stanley Bramley Investments Limited	20 Bank Street, Canary Wharf, London, E14 4AD, Place of incorporation: UNITED KINGDOM	Morgan Stanley Group (Europe)	100.00	N	Long position 246,587,999 Short position 117,211,654
Morgan Stanley UK Group	25 Cabot Square, Canary Wharf, London, E14 4QA, Place of incorporation: UNITED KINGDOM	Morgan Stanley Group (Europe)	100.00	N	Long position 246,587,999 Short position 117,211,654
Morgan Stanley UK Group	25 Cabot Square, Canary Wharf, London, E14 4QA, Place of incorporation: UNITED KINGDOM	Morgan Stanley Bramley Investments Limited	0.00	N	Long position 246,587,999 Short position 117,211,654
Morgan Stanley Investments (UK)	20 Bank Street, Canary Wharf, London, E14 4AD, Place of incorporation: UNITED KINGDOM	Morgan Stanley UK Group	100.00	N	Long position 246,587,999 Short position 117,211,654
Morgan Stanley & Co. International plc	Legal & Compliance Department, 25 Cabot Square, Canary Wharf, London, E14 4QA, Place of incorporation: UNITED KINGDOM	Morgan Stanley Investments (UK)	100.00	Y	Long position 246,587,999 Short position 117,211,654
Morgan Stanley Capital Services LLC	1585 Broadway, New York, New York, 10036, New York. Place of incorporation: USA	Morgan Stanley Domestic Holdings, Inc.	100.00	Y	Long position 66,982,000 Short position 19,192,000
Morgan Stanley & Co. LLC	1585 Broadway, New York, New York, 10036, New York. Place of incorporation: USA	Morgan Stanley Domestic Holdings, Inc.	100.00	Y	Long position 10,831,082 Short position 141,851,382
Morgan Stanley Latin America Incorporated	1585 Broadway, New York, New York, 10036, New York. Place of incorporation: USA	Morgan Stanley International Incorporated	100.00	N	Long position 270,000 Short position 0

# Report of the Directors *(continued)*

*(English translation is for reference only)*

Name of controlled corporation	Address and place of incorporation	Name of controlling shareholder	% control	Direct interest	Number of shares
MSL Incorporated	1585 Broadway, New York, New York, 10036, New York. Place of incorporation: USA	Morgan Stanley International Holdings Inc.	100.00	N	Long position Short position 270,000 0
Morgan Stanley Capital (Luxembourg) S.A.	19 rue de Bitbourg, Luxembourg, Luxembourg, L-1273, Luxembourg. Place of incorporation: LUXEMBOURG	Morgan Stanley Latin America Incorporated	0.01	Y	Long position Short position 270,000 0
Morgan Stanley Capital (Luxembourg) S.A.	19 rue de Bitbourg, Luxembourg, Luxembourg, L-1273, Luxembourg. Place of incorporation: LUXEMBOURG	Morgan Stanley International Holdings Inc.	99.99	Y	Long position Short position 270,000 0
Morgan Stanley Capital (Luxembourg) S.A.	19 rue de Bitbourg, Luxembourg, Luxembourg, L-1273, Luxembourg. Place of incorporation: LUXEMBOURG	MSL Incorporated	0.00	Y	Long position Short position 270,000 0

Save as disclosed above and so far as the Directors are aware, as at 31 December 2014, no other person (other than the Directors, supervisors, chief executives or members of senior management of the Company) had an interest or short position in the Company's shares or underlying shares (as the case may be) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, or was otherwise a substantial shareholder (as such term is defined in the Listing Rules) of the Company.

Based on register of members and other published information, the Directors consider that the Company has complied with the Listing Rules in relation to the requirement of minimum public shareholding.

## PROFIT DISTRIBUTION PROPOSAL OR THE PLAN FOR CONVERTING CAPITAL RESERVE TO BONUS SHARES

### (1) Formulation, execution or adjustment of cash dividend distribution policy

According to the Notice in Relation to Further Implementing Cash Dividend Distribution of Listed Companies (Zheng Jian Fa [2012] No.37) issued by China Securities Regulatory Commission and the Notice in Relation to Further Implementing Cash Dividend Distribution (Min Zheng Jian Gongsizi [2012] No.28) issued by China Securities Regulatory Commission Fujian Bureau, in order to improve the decision making of the Company's profit distribution and supervisory mechanism, while taking into consideration of the Company's production operation and sustainable development and maintaining a reasonable return to investors of the Company, the Company formulated profit distribution and return plan for the next three years (2012-2014) and made amendments to the Company's articles of association accordingly to clearly define the principle, format, cash dividend conditions of the Company's profit distribution policy, and the procedures for forming profit distribution policy, procedures for amending profit distribution policy, etc. Unless there is a special circumstance, the Company's cumulative profit distribution by way of cash for the latest three years shall not be less than 60% of the average annual distributable profits realized for the last three years. In principle, the Company's annual distribution of cash dividends shall not be less than 15% of the realized distributable profits for the year (excluding the accumulated undistributed profits of last year). The relevant changes were considered and approved at the 2012 annual general meeting.

To further improve the cash dividend distribution policy of the Company, according to "Guidelines of Listed Companies No. 3 – cash dividends of listed companies" of the China Securities Regulatory Commission, the documents issued by China Securities Regulatory Commission Fujian Bureau, combined with the actual situation of the Company, the articles of association of the Company was amended to include cash dividend distribution policy regarding differentiation and the amendments were considered and approved at the 2013 annual general meeting.

The profit distribution proposal for 2013 was considered and approved at the Company's 2013 annual general meeting, based on the total number of shares of 21,645,855,650 after deducting the number of H shares repurchased, to distribute cash dividends RMB0.08 (tax included) per share to all shareholders. The Company distributed the cash dividends of RMB1,731,668,452 in total. The remaining undistributed profit would be carried forward to the next financial year. The above profit distribution proposal was fully implemented on 7 July 2014. The profit distribution for the year ended 31 December 2013 was in line with the relevant terms of the articles of association and the Company's profit distribution and return plan for the next three years.

As audited by Ernst & Young Hua Ming (LLP), the Group's net profit attributable to owners of the parent for the year ended 31 December 2014 prepared in accordance with CAS was RMB2,345,062,669. The Board of the Company proposed to pay the qualified shareholders of the Company the final dividends for the year ended 31 December 2014 of RMB0.08 per share (tax included). Based on the total number of shares of the Company of 21,572,813,650 as at 31 December 2014 after deducting the number of H shares repurchased, the total amount of cash dividend to be distributed is RMB1,725,825,092. No bonus issue and conversion of capital will be included in this distribution proposal. The remaining balance of undistributed profit will be reserved for further distribution in the next financial year. The proposal of the above-mentioned distribution will be tabled to the 2014 annual general meeting for approval. The profit distribution for 2014 is in line with the relevant provisions of the articles of association and the Company's profit distribution and return plan for the next three years, fully protects the legitimate rights and interests of minority investors. The independent directors of the Company agreed with the profit distribution proposal and delivered independent opinions.

(2) **The Company's profit distribution proposal or plans, conversion of capital reserve into share capital proposal or plan for the latest three years**

Currency: RMB

Year of profit distribution	Bonus shares for every 10 shares (share)	Dividend for every 10 shares (RMB) (Tax included)	Capital conversion for every 10 shares (share)	Amount of cash dividend (Tax included)	Net profit attributable to shareholders of listed company on consolidated financial statement for the dividend distribution year	Percentage of dividends to net profit attributable to shareholders of the listed company accounted for in the consolidated financial statements (%)
2014		0.8		1,725,825,092	2,345,062,669	73.59
2013		0.8		1,731,668,452	2,125,353,823	81.48
2012		1		2,181,196,365	5,211,208,977	41.86

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

For the year ended 31 December 2014, the Company repurchased 127,344,000 H shares in aggregate. Details as follow:

At the 2012 annual general meeting, the first A Shareholders' class meeting in 2013 and the first H Shareholders' class meeting in 2013 convened by the Company on 28 May 2013, a resolution in relation to the proposal to grant a general mandate to the Board of the Company to repurchase H shares was approved. The Board continued the repurchase of H shares according to the authorization in 2014. During the period from 1 January 2014 to 7 February 2014, the Company repurchased 54,302,000 shares in aggregate. The repurchased shares mentioned above have been cancelled by Computershare Hong Kong Investor Services Limited. The change of business registration process in the PRC for the cancellation of the repurchased H shares has also been completed.

At the 2013 annual general meeting, the first A Shareholders' class meeting in 2014 and the first H Shareholders' class meeting in 2014 convened by the Company on 28 May 2014, a resolution in relation to the proposal of granting a general mandate to the Board of the Company to repurchase H shares was approved. According to the authorization, the Company started to implement repurchases of H shares on 15 September 2014. As at 31 December 2014, the number of H shares repurchased was 73,042,000 in aggregate. The cancellation of H shares repurchased was completed at Computershare Hong Kong Investor Services Limited, but the change of business registration in the PRC for the cancellation of the repurchased H shares has not yet been completed.

# Report of the Directors *(continued)*

*(English translation is for reference only)*

As at 31 December 2014, the number of H shares of the Company outstanding and not yet repurchased was 5,769,010,000.

Save as disclosed above, for the year ended 31 December 2014, the Board confirmed that neither the Company nor any of its subsidiaries purchased, redeemed, sold or wrote off any of the Company's listed securities up to 31 December 2014.

## **INDEPENDENT NON-EXECUTIVE DIRECTORS**

In compliance with rules 3.10(1) and 3.10(2) of the Listing Rules, which states the Company should appoint a sufficient number of independent non-executive directors and that at least one of them must have appropriate professional qualifications or accounting related financial management expertise. The Company appointed four independent non-executive directors and one of them possesses accounting and related financial management expertise. Details of the independent non-executive directors have been provided in the Company's 2014 annual report.

## **APPOINTMENT AND RESIGNATION OF DIRECTORS, SUPERVISORS, AND SENIOR MANAGEMENT**

<b>Name</b>	<b>Position</b>	<b>Change</b>	<b>Reasons</b>	<b>Effective Date</b>
Jiang Yuzhi	Independent non-executive director	Resignation	Reserve more time for family	23 October 2014
Qiu Guanzhou	Independent non-executive director	Appointment	Board of directors' appointment	23 October 2014

Mr. Jiang Yuzhi confirmed that he has no disagreement with the Board and there are no matters that need to be brought to the attention of the shareholders of the Company in relation to his resignation.

For the constitution of the directors, supervisors and senior management for the new term, please refer to the Company's 2014 annual report.

## **AUDIT AND INTERNAL CONTROL COMMITTEE**

The audit and internal control committee of the Board has reviewed the Group's financial report for the year ended 31 December 2014 and further discussed the auditing, internal control and financial reporting matters. The audit and internal control committee considers that the Group's financial report for the year ended 31 December 2014 was in compliance with the applicable accounting standards and relevant laws and regulations and had made sufficient disclosure.



## APPOINTMENT AND DISMISSAL OF AUDITORS

Change of appointment of auditors in the three preceding years:	No
Auditors in Mainland China	Currently appointed Ernst & Young Hua Ming (LLP)
Remuneration for auditors in Mainland China this year	RMB7,460,000
Appointment term	Renew once a year

	Name
Internal control auditor	Ernst & Young Hua Ming (LLP)
Remuneration	Included in the auditors' fee

## OTHER SIGNIFICANT MATTERS

- In September 2013, the Company registered mid-term bonds amounted to RMB4 billion and RMB6 billion respectively (in aggregate RMB10 billion) at the National Association of Financial Market Institutional Investors, and issued mid-term bonds amounted to RMB2.5 billion in October 2013. In August 2014, pursuant to the Company's financing plan, the Company applied to the National Association of Financial Market Institutional Investors for the reduction of the registered amounts of the above mid-term bonds by RMB0.7 billion and RMB1 billion respectively. The application was approved. After the reduction, the registered amounts of the Company's mid-term bonds were reduced from the original RMB4 billion and RMB6 billion to RMB3.3 billion and RMB5 billion respectively (after the reduction, the registered amount was RMB8.3 billion in total, which included the RMB2.5 billion mid-term bonds issued in 2013). The Company issued the 2014 first batch and second batch mid-term bonds on 3 and 4 September 2014 respectively. The total issued amount was RMB2.5 billion with a term of 5 years and coupon rate of 5.5%. All the proceeds were received into account on 5 September 2014.
- On 15 January 2015, the overseas wholly-owned subsidiary of the Company, Jinyu (H.K.) International Mining Co., Ltd. ("Jinyu") and Huihaoda Gold Ltd. entered into the "Golden China Nei Men Share Transfer Agreement". Jinyu will transfer its 55% equity interest in Golden China Nei Men Gold Exploration Corporation ("Golden China Nei Men") to Huihaoda Gold Ltd. with a consideration of RMB270 million. Golden China Nei Men holds 95% equity interest in Inner Mongolia Jinzhong Mining Co., Ltd. ("Inner Mongolia Jinzhong"), and 100% equity interest in Inner Mongolia Aipaike Resources Ltd. ("Aipaike Resources"). Inner Mongolia Jinzhong is mainly engaged in the gold exploration in Sonid Zuoqi, Inner Mongolia. Aipaike Resources is mainly engaged in exploration.
- On 15 January 2015, the wholly-owned subsidiary of the Company, Zijin International Mining Co., Ltd. ("Zijin International") and Huixinda International Investment Co., Ltd. ("Huixinda") entered into the "Inner Mongolia Jinzhong Share Transfer Agreement". Zijin International will transfer its 5% equity interest in Inner Mongolia Jinzhong to Huixinda with a consideration of RMB28 million.
- On 12 January 2015, the Company issued an announcement regarding its non-binding, conditional and indicative proposal to acquire all of the issued securities of Norton that the Company did not already own. On 6 February 2015, the Company entered into a binding scheme implementation agreement (the "SIA") with Norton. The SIA provided that the Company will acquire all of the issued securities of Norton that it did not already own, by way of a court approved scheme of arrangement for an offer consideration of A\$0.20 per share. The Company, together with its wholly-owned subsidiary, currently hold approximately 82.43% of Norton's shares. If the scheme of arrangement is approved, the Company will have to pay a total consideration of approximately A\$33,000,000 to acquire all of the remaining 17.57% of Norton shares.

# Report of the Directors *(continued)*

*(English translation is for reference only)*

## **CHANGE OF ISSUED SHARES**

At the annual general meetings and the shareholders' class meetings convened by the Company on 28 May 2013 and 28 May 2014, a resolution in relation to the proposal of granting a general mandate to the Board of Directors of the Company to repurchase H shares was approved respectively. Pursuant to the authorization, the Company continued to implement the repurchase of H shares during the year ended 31 December 2014 and repurchased 127,344,000 H shares in aggregate (in which 54,302,000 shares were repurchased in January to February 2014 and 73,042,000 shares were repurchased in September to November 2014 respectively) with total amount paid of HK\$234 million (excluding commission and other expenses). Pursuant to the resolution of the 2013 annual general meeting, the Company completed the change of business registration regarding the reduction of the H shares repurchased up to 7 February 2014. The Company's registered capital was changed to RMB2,164,585,565. The shares repurchased during September to November 2014 were cancelled by Computershare Hong Kong Investor Services Limited, but have not yet been cancelled pending completion of the change of business registration with relevant PRC authorities. For the purpose of dealing with the latest change of business registration with relevant PRC authorities, the seventh meeting of the fifth board of directors agreed that from 18 November 2014 to the convention date of the 2014 annual general meeting, repurchase of H shares will not be implemented.

## **SHARE OPTION SCHEME**

As at the date of this report, the Company has not granted nor agreed to grant any option to its directors or supervisors or the employees of the Company or its subsidiaries.

## **MAJOR SUPPLIERS AND CUSTOMERS**

Transactions of the Company's gold products were conducted and settled through the Shanghai Gold Exchange. Information about the ultimate customers is unknown.

The details of the top five suppliers and the top five customers are set out on page 19. All transactions between the Company and the related suppliers and customers were entered into under normal commercial terms.

As far as the directors are aware, none of the directors, supervisors, shareholders holding more than 5% equity interest of the Company or their respective associates (as defined in the Listing Rules of the Stock Exchange ("Listing Rules")) had any interest in the above top five suppliers and customers in the year of 2014.

## **PRE-EMPTIVE RIGHTS**

According to the articles of association of the Company and the laws of the PRC, there are no provisions for limited pre-emptive rights requiring the Company to offer new shares to its existing shareholders in proportion to their shareholdings.

## **SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS**

Each of the directors and supervisors of the new term has entered into a service contract with the Company respectively. All these contracts will be started from the date of appointment and ended on 24 October 2016. Pursuant to article 106 of the articles of association of the Company, the terms for directors will be three years (commencing from the date of appointment or re-election), subject to re-election and re-appointment. Under the Company Law of the PRC, the term of appointment for supervisors is also three years, and subject to re-election and re-appointment. Remuneration of directors and supervisors of the Company can be amended at annual general meetings.

Save as disclosed above, there are no service contracts entered between the Company and any of the directors or supervisors which requires the Company to make compensation (except statutory compensation) upon termination by the Company within one year.

## DIRECTORS AND SUPERVISORS AND THEIR TERMS

During the year and up to the date of this report, the existing Directors and supervisors and their terms are:

	TERMS
<b>EXECUTIVE DIRECTORS:</b>	
Chen Jinghe	From 25 October 2013 to 24 October 2016
Wang Jianhua	From 25 October 2013 to 24 October 2016
Qiu Xiaohua	From 25 October 2013 to 24 October 2016
Lan Fusheng	From 25 October 2013 to 24 October 2016
Zou Laichang	From 25 October 2013 to 24 October 2016
Lin Hongfu	From 25 October 2013 to 24 October 2016
<b>NON-EXECUTIVE DIRECTOR:</b>	
Li Jian	From 25 October 2013 to 24 October 2016
<b>INDEPENDENT NON-EXECUTIVE DIRECTORS:</b>	
Lu Shihua	From 25 October 2013 to 24 October 2016
Ding Shida	From 25 October 2013 to 24 October 2016
Qiu Guanzhou	From 23 October 2014 to 24 October 2016
Sit Hoi Wah, Kenneth	From 25 October 2013 to 24 October 2016
Jiang Yuzhi	Resigned on 23 October 2014
<b>SUPERVISORS:</b>	
Lin Shuiqing	From 25 October 2013 to 24 October 2016
Xu Qiang	From 25 October 2013 to 24 October 2016
Fan Wensheng	From 25 October 2013 to 24 October 2016
Liu Wenhong	From 25 October 2013 to 24 October 2016
Zhang Yumin	From 25 October 2013 to 24 October 2016

None of the directors intends to seek re-election at the forthcoming annual general meeting and has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## BRIEF BIOGRAPHY OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Brief biography of directors, supervisors and senior management are set out on pages 28 to 31 in this report.

## DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

Save for the service contracts of directors and supervisors as disclosed above, there were no significant contracts to which the Company or its controlling company or its subsidiaries were a party to and in which a director or supervisor of the Company had a material interest, either directly or indirectly, subsisting at the end of the year or at any time during the year.

## ACQUISITIONS, DISPOSALS AND MERGERS

Save as disclosed from pages 33 to 37 of this report, the Company has no other significant acquisition, disposal or merger of assets during the reporting period.

## AMENDMENTS TO THE ARTICLES OF ASSOCIATION

During the year, the articles of association of the Company was amended in the Company's general meetings convened on 28 May 2014 and 23 October 2014 respectively. For details, please refer to the Company's notices issued on 12 April 2014 and 6 September 2014 respectively.

# Report of the Directors *(continued)*

*(English translation is for reference only)*

## **RETAINED EARNINGS**

As at 31 December 2014, details of the Company's retained earnings are set out in Note V.41 to the financial statements.

## **ASSETS PLEDGED**

As at 31 December 2014, details of the Group's pledged assets are set out in Note V.56 to the financial statements.

## **CURRENCY AND INTEREST HEDGING POLICY**

As at 31 December 2014, details of the Group's currency and interest hedging policy are set out in Note VIII.2 to the financial statements.

Save as disclosed above, the Group does not have formal currency hedging policy and has not entered into any major forward currency contracts or derivatives to hedge against our foreign currency and interest risks.

## **FIXED ASSETS**

Details of movements of the fixed assets of the Group for the year ended 31 December 2014 are set out in Note V.12 to the financial statements.

## **SHARE CAPITAL**

Details of the movements of the Company's share capital are set out in Note V.36 to the financial statements.

## **DISTRIBUTABLE RESERVES**

As at 31 December 2014, pursuant to the relevant laws and regulations, the Company's distributable reserves amounted to RMB21,660,367,042 (31 December 2013: RMB21,119,158,368).

## **BANK AND OTHER BORROWINGS**

Details of the Group's bank and other borrowings are set out in Notes V.21, 30, and 31 to the financial statements.

## **CONTINGENT LIABILITIES**

Details of contingent liabilities are set out in Note XI.2 to the financial statements.

## **DONATIONS**

During the reporting period, the Group made charitable and other donations amounted to approximately RMB186 million.

## **TAXATION**

The PRC's corporate income tax rate is 25%, details of the Group's taxation are set out in Notes IV and V.52 to the financial statements.



## **TAX RELIEF AND EXEMPTION INFORMATION FOR SHAREHOLDERS**

### **A Share Holders**

Pursuant to the Notice on Implementing Differentiated Individual Income Tax Policy for Stock Dividends of Listed Companies (Caishui [2012] No. 85) (the "Notice") issued jointly by the Ministry of Finance, the State Administration of Tax and China Securities Regulatory Commission ("CSRC") of the People's Republic of China (the "PRC"), for shares of listed companies obtained by individuals from public offerings or the market, where the holding period is less than one month (inclusive), the dividends shall be counted as taxable income in the full amount; where the holding period is more than one month and less than one year (inclusive), 50% of the dividends shall be counted as taxable income on a provisional basis; and where the holding period exceeds one year, 25% of the dividends shall be counted as taxable income on a provisional basis. The individual income tax rate of 20% shall be applicable for all incomes mentioned above. The individual income tax levied on stock dividends obtained by equity investment funds from listed companies is also calculated in accordance with the Notice.

Article 26.2 of the Enterprise Income Tax Law of the PRC provides that dividends, bonuses and other equity investment proceeds distributed between qualified resident enterprises shall be tax-free.

Pursuant to Article 83 of the Implementation Rules of Enterprise Income Tax Law of the PRC, dividends, bonuses and other equity investment proceeds distributed between qualified resident enterprises as referred in Article 26.2 of the Enterprise Income Tax Law of the PRC include those proceeds obtained from direct investment of resident enterprises into other resident enterprises, excluding the proceeds from holding the stocks of the resident enterprises that were obtained through public offering or through trading in the stock market for less than 12 months on a continuing basis.

As per the Enterprise Income Tax Law of the PRC and the Implementation Rules of Enterprise Income Tax Law of the PRC, dividend income obtained by non-resident enterprises shall be levied at a preferential enterprise income tax rate of 10%.

### **H Share Holders**

Pursuant to the Notice of the State Administration of Taxation on Issues Concerning Individual Income Tax Collection and Management after the Repeal of Guo Shui Fa [1993] No.045 (Guo Shui Fa [2011] No.348), the dividend received by overseas resident individual shareholders from the shares issued by overseas non-foreign invested enterprises in Hong Kong is subject to the payment of individual income tax according to the items of "interests, dividend and bonus income", which shall be withheld by the withholding agents according to relevant laws. The overseas resident individual shareholders who hold the shares issued by overseas non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements signed between the countries where they reside and China or the tax arrangements between Mainland China and Hong Kong (Macau). The tax rate for dividends under the relevant tax agreements and tax arrangements is generally 10%, and for the purpose of simplifying tax administration, domestic non-foreign invested enterprises issuing shares in Hong Kong may, when distributing dividends, generally withhold individual income tax at the rate of 10%, and are not obligated to file an application. If the tax rate for dividends is not equal to 10%, the following provisions shall apply: (1) for citizens from countries which have entered into tax agreements/arrangements stipulating a tax rate of lower than 10%, the withholding agents will file applications on their behalf to seek entitlement of the relevant agreed preferential treatments, and upon approval by the tax authorities, the excess tax amounts withheld will be refunded; (2) for citizens from countries which have entered into tax agreements/arrangements stipulating a tax rate of higher than 10% but lower than 20%, the withholding agents will withhold the individual income tax at the agreed-upon effective tax rate when distributing dividends, and are not obligated to file an application; (3) for citizens from countries without tax agreements or are under other situations, the withholding agents will withhold the individual income tax at a tax rate of 20% when distributing dividends.

Pursuant to the Notice of the State Administration of Taxation on Issues Concerning Withholding the Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to H Share Holders which are Overseas Non-resident Enterprises (Guo Shui Han [2008] No.897), a PRC resident enterprise, when distributing dividends for 2008 and for the years afterwards to H shareholders who are overseas non-resident enterprises, shall withhold the enterprise income tax at a flat rate of 10%.

## **PUBLIC FLOAT**

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

## Report of the Directors *(continued)*

*(English translation is for reference only)*

### POST BALANCE SHEET EVENTS

The details of the Group's events after the balance sheet date are set out in Note XII to the financial statements.

By order of the Board of Directors

**Chen Jinghe**

*Chairman*

Shanghang, Fujian, the PRC

20 March 2015

# Report of the Supervisory Committee

(English translation is for reference only)

To all shareholders,

Pursuant to the provisions of the relevant laws and regulations including "Company Law of the People's Republic of China" and the articles of association of the Company, based on the working schedule at the beginning of the year, the supervisory committee of the Company performed their duties earnestly in 2014, met the targets and completed the tasks satisfactorily, and played a proper role in the further improvement of the Company's corporate governance and realization of a sustainable and healthy development.

## 1. WORKING REPORT OF THE SUPERVISORY COMMITTEE

### (1) Meetings convened

No. of supervisory committee meetings	4
Meetings of the supervisory committee	Matters discussed in the supervisory committee meetings
The Second meeting of the Fifth supervisory committee was convened on 28 March 2014 in the Company's conference room at 20/F., Haifu Centre, Xiamen	"2013 working report of the supervisory committee of the Company", "The Company's annual report and its summary report of 2013", "2013 financial report of the Company", "The Company's profit distribution proposal for the year of 2013", "2013 internal control evaluation report of the Company", "2013 corporate social responsibility report of the Company", "Proposal of recognition of asset impairment loss provision" and "Proposal on recognition of certain assets stock-take loss and obsolescence loss" were reviewed and approved.
The Third meeting of the Fifth supervisory committee was convened on 29 April 2014 in the Company's conference room at 20/F., Haifu Centre, Xiamen	"2014 first quarterly report of the Company" was reviewed and approved.
The Fourth meeting of the Fifth supervisory committee was convened on 15 August 2014 in the Company's conference room at 20/F., Haifu Centre, Xiamen	"2014 interim report and its summary report of the Company", "Proposal of recognition of asset impairment loss provision" and "Proposal of the change of accounting policies" were reviewed and approved.
The Fifth meeting of the Fifth supervisory committee was convened on 24 October 2014 in the Company's conference room at 20/F., Haifu Centre, Xiamen	"2014 third quarterly report of the Company" was reviewed and approved.

# Report of the Supervisory Committee *(continued)*

*(English translation is for reference only)*

The supervisors of the Company attended the board meetings, the audit and internal control committee meetings, the joint meetings of executive directors and senior management, etc. to understand the decision making process of the Company's important decisions; studied the status of the Company's operation and management through listening to or reviewing information relevant to operation and management of the Group and its associates including the periodic financial reports, reports on production and operation, reports on internal supervision and inspection, etc. and performed the supervision and inspection functions of the supervisory committee proactively. The supervisory committee meetings were convened strictly in accordance with the procedures stipulated in the articles of association of the Company, meeting procedures of the supervisory committee, etc. Timely disclosures of the relevant conclusion of the meetings were made in accordance with the requirements of the Shanghai Stock Exchange. All supervisors performed diligently in discharging their duties.

- (2) The supervisors of the Company carried out in-depth study and research on subsidiaries at the basic level, concerned about the Company's status of production, operation and management proactively. During the reporting period, through arranging time to carry out visits at and research on the subsidiaries and associates owned by the Group, the members of the supervisory committee studied, traced and collected information about the important operational and management activities of the corporations in a timely manner, concerned about the sustainability of development and potential risks of the corporations, actively provided reasonable suggestions and risk warnings to the board of directors and operation management based on the findings of their study and research.
- (3) The supervisory committee organized and launched research and study on the Group's supervisory system, got a clear picture of the overall status of the members of the Group's supervisory system, understood and grasped the main way of how supervisory authorities at all levels initiate their work, their experiences and major existing problems. At the same time, the supervisory committee studied on the changes in supervisory staff for the last three years and the needs of supervisory staff of subsidiaries in different regions and at basic level. The supervisory committee established a sound information database of the Group's supervisory personnel.
- (4) The supervisory committee of the Company strictly adhered to the plan of a new round of business development of the Group, continuously strengthened the coordination, planning and leadership of the supervisory system of the Group and ceaselessly modify the 5-in-1 supervisory system integrating "supervisory committee, discipline inspection committee, supervision, audit and internal control". The Company followed the principles of a unified leadership and management by strata to establish and improve the regional supervision and coordination working system, strengthened the supervision, direction and service functions, continuously enhanced the independence, professionalism and effectiveness of internal supervision, and achieved better results in the Group's supervisory efforts.

## **2. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE UPON RELEVANT MATTERS OF THE COMPANY**

### **(1) Operation of the Company in compliance with laws**

During the reporting period, the Company operated in compliance with the relevant provisions of the national law, regulations, listing rules and the articles of association of the Company, etc. The procedures of decision-making were in accordance with laws and regulations, the resolutions of the general meetings and the board meetings were implemented effectively, and the Company's internal control system was sound and complete. The board of directors and senior management of the Company discharged their duties diligently. No violation of laws, regulations and articles of association or any other action which could impair the interests of the Company and the shareholders was found from directors and senior management in discharging their duties.

### **(2) Inspection of financial reports of the Company**

During the reporting period, the Company's financial system was sound and the financial operating status was good. The Company strictly followed the accounting policies, accounting standards and requirements of other relevant financial regulations to operate. The periodic financial reports and the related information of the Company reflected the financial positions and operating results of the Company in a true, fair and complete manner. The information stated in the reports did not contain any false record, misleading statement or material omission. The Group's 2014 annual financial report was audited by Ernst & Young Hua Ming LLP who issued an independent auditors' report with a standard unqualified opinion.

### **(3) Acquisitions and disposals of assets of the Company**

During the reporting period, the supervisory committee continuously monitored the legitimacy, compliance and validity of asset acquisitions and disposals, and supervised the procedures of the relevant activities on a continuous basis. After review, the acquisitions and disposals of the Company's assets followed the principle of marketization, the procedures of decision-making were in accordance with laws and regulations, and no insider dealing or behavior which could impair the interests of the shareholders of the Company and led to loss of the Company's assets was found.

### **(4) Connected transactions of the Company**

During the reporting period, the Company strictly followed the relevant listing rules and terms of agreements to execute connected transactions. The decisions for the connected transactions were prudent, the procedures were legal and regulated, the transaction processes were equal and just, the transactions were fair, and no insider dealing or activity which would impair the interests of the Company and the shareholders was found.

### **(5) Supervisory committee's review on internal control evaluation report**

The supervisory committee seriously reviewed the "2014 internal control evaluation report of the Company" and considered that the report followed "the Basic Norms of Corporate Internal Control", "Guidance for the Evaluation of Corporate Internal Control" and other relevant provisions. Through establishing effective rules on internal control and strengthening establishment of internal control, the Company further improved its internal control system, significantly enhanced the Group's capability of management and control, operation efficiency and the ability of implementing strategies. The Company's corporate governance structure, internal control mechanism and system ensured that all business activities of the Company were conducted in an orderly and effective manner, and protected the interests of the Company and the shareholders. The "2014 internal control evaluation report of the Company" was able to objectively, accurately and completely reflect the actual situation of the Company's internal control, no false record, misleading statement or material omission was found. The "2014 internal control evaluation report of the Company" was passed by the supervisory committee.

## **THE CONCEPTUAL ROADMAP FOR 2015 WORKS**

In 2015, the supervisory committee of the Company will adhere to the plan of a new round of business development of the Company and follow the Company Law of the People's Republic of China, the articles of association of the Company and other related supervisory regulations to discharge their duties diligently, protect the interests of the Company and the shareholders proactively and provide a strong support for various goals and missions under the principle of "focusing on reforms, keeping growth and boosting development". In 2015, the supervisory works of the Group will mainly focus on the following aspects:

1. Carry out lawful supervision and keep improving the corporate governance of the Company. In accordance with the duties assigned by the Company Law and the articles of association of the Company and the requirements of the regulatory authorities, the supervisory committee will discharge its supervisory function conscientiously, concern about the Group's decision-making and operational process, implement performance supervision, strengthen policy formulation, intensify supervisors' self-improvement to enhance their execution capacity and discharge duties diligently. The supervisory committee plays an active role in protecting the interests of the Company and its shareholders as a whole and improving the corporate governance of the Company.
2. Strengthen supervision and inspection as key working tasks. The supervisory committee will review the periodic financial reports of the Company carefully, track and analyze the operational status of the Company, strengthen the supervision and inspection on important matters including the operation in accordance with laws, high-risk business, connected transactions, material reform and overseas investment and acquisition, etc. The supervisory committee will conduct study and research beforehand to ensure the decision-making procedures of the Company are legal and compliant so as to avoid any action which could impair the interests of the Company's shareholders and cause loss of the Company's assets.



# Report of the Supervisory Committee *(continued)*

*(English translation is for reference only)*

3. Enhance the function, capability and effectiveness of supervision. The supervisory mechanism will be further optimized, and a system of on-site review will be established for the purpose of identifying the major problems and potential risks affecting corporate reform and development as well as value preservation and appreciation of the Company's assets, acquiring a real picture of corporate operation and management, strengthening the supervision on the leadership of the subsidiaries and associates of the Company, and further enhancing the initiative on supervisory tasks. The supervisory committee will practically enhance the integration on the work of supervision and examination and the utilization of past results, exchange views with the board of directors and management of the Company in a timely manner, provide opinions for reference in decision-making, proactively assist the Company to enhance operation and management, prevent operational risks and improve the mechanism of internal control.
4. In-depth research and investigation into the subsidiaries at basic level, track and acquire the operation condition of the enterprise. The supervisory committee will study at the basic levels of the subsidiaries and associates of the Company by field study, inspection and research, to better understand and follow up the important operational and management activities of the Company, and to have a thorough understanding on the operation and management condition of the enterprise by listening to or reviewing relevant information including the periodic financial reports, reports on production and operation, reports on internal supervision and inspection, etc. of the Company and its subsidiaries and associates. The committee will subsequently make reasonable suggestions and risk warnings to the board of directors and the management based on the problems or matters required attention that have come to their notice to help avoid operational risks.
5. Strengthen organization and leadership and offer protection by supervision. The supervisory committee will continue to optimize and modify the 5-in-1 supervisory network of "supervisory committee, discipline inspection committee, supervision, audit and internal control", continue to enhance the leadership on the supervisory and audit office of the Company, work along with discipline inspection committee to create a collaboration between inspection and supervision. The committee will actively explore effective systems and means for supervision, improve the effectiveness of supervision, optimize and boost the evaluation based on the key performance indicators (KPI) of the supervisory system, enact the responsibility of supervision, strengthen the formation of the supervisory team, and endlessly improve the quality and execution capability of supervisory personnel.

**Zijin Mining Group Co., Ltd.\***

*Supervisory Committee*

20 March 2015

# The Status of Work in the Active Fulfilment of Social Responsibilities

*(English translation is for reference only)*

The Company adheres to its environmental protection direction of “environmental protection and development go together” and the environmental protection concept of “protecting the green mountains and clear water while developing treasured mines”, sets “zero environmental incident” as the basic requirement, insists that environmental protection, environmental management and environmental reconstruction are as important as mine development, puts efforts on building the “Zijin environmental protection” brand and works hard to make it as one of the core competences of the Company in the international market.

## The status of pollutants emission up to standards

In 2014, according to the supervisory monitoring reports about the sources of pollution published by the local environmental protection departments, all of the waste water, exhaust gas and noise at plant boundary produced by the branch companies (subsidiaries) of the Group met the emission standards and were managed in accordance with regulations, which was in compliance with the “Integrated Waste Water Discharge Standards” (GB8978-1996), “Integrated Atmospheric Pollutants Emission Standards” (GB16297-1996), the “Boundary of Industrial Enterprises Noise Emission Standards” (GB12348-2008), “Copper, Nickel, Cobalt Industrial Pollutants Emission Standards” (GB25467-2010), and “Lead, Zinc Industrial Pollutants Emission Standards” (GB 25466-2010), etc.

## Environmental impact assessment and the implementation of the “three simultaneous” system

In 2014, the branch companies (subsidiaries) of the Group strictly followed the “Environmental Impact Assessment Law of the People’s Republic of China” to carry out the construction project environmental impact assessment. During the process of project design, construction and operation, the Company implemented the “three simultaneous” system which the environmental protection facilities were designed simultaneously, constructed simultaneously, and put into use simultaneously with the main construction body.

## General industrial solid waste and hazardous waste treatment and disposal

In 2014, the branch companies (subsidiaries) of the Group comprehensively utilized and safely disposed the general industrial solid waste and hazardous waste at the rate of 100%.

## Payment of sewage charges

In 2014, the branch companies (subsidiaries) of the Group paid the sewage charges in accordance with the relevant requirements of sewage discharge payment notices, sewage discharge approval notices, sewage discharge approval review decision notices issued by the local environmental protection administration departments.

## Actively apply to become national green mines pilot units, strive for the building of ecological mines

The Group adheres to the targets of protecting ecological environment, reducing resources consumption and pursuing sustainable economy, to practise and implement the belief of green ecology throughout the entire process of developing and utilizing mine resources. The construction of green mines has been given top priority both in the overall development agenda of the Company as well as the strategic pursuit of sustainability and has been earnestly adopted and implemented. In accordance with the “Outline on the Development of Ecological Civilization and the Creation and Construction of Green Mines” (2013-2020) initiated by the Group, every mining enterprise of the Group actively organized themselves to apply to become national green mines pilot units. During the reporting period, 7 more enterprises of the Group including Zijinshan gold and copper mine, Wuping Zijin, Longnan Zijin, Wulatehouqi Zijin, Tongling Zijin, Xinjiang Jinbao and Fuyun Jinshan were included in the fourth batch of national green mines pilot units of the Ministry of National Land and Resources of the PRC. Together with Guizhou Zijin and Xinjiang Ashele which have been previously included in the list, there are altogether 9 national green mines pilot units under the Group.

# Corporate Governance Report

*(English translation is for reference only)*

The Company is committed to maintaining a high standard of corporate governance practices. Continuous efforts are made to review and enhance the Group's internal controls and procedures in light of changes in regulations and developments in best practices.

The Company's corporate governance practices are based on the principles and code provisions ("Code Provisions") set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

As required by provision A.1.8 of the CG Code, an issuer should arrange appropriate insurance cover in respect of potential legal action against its directors. The Board of Directors currently considers that the Company and the Board of Directors have adopted sufficient measures to prevent directors from committing errors and minimize the risk in claims against the Directors. Therefore, the Company has not made any relevant insurance arrangement at this stage. However, the Board of Directors will review this policy of insurance from time to time and may arrange insurance cover later. As required by provision F.1.3 of the CG Code, an issuer's company secretary should report to the board chairman and/or the chief executive. The Board of Directors considers that the company secretary in Hong Kong should report to the secretary of Board of Directors to meet the management needs of the Group and it enables a unified management of all listing related matters in Hong Kong and Mainland China. The provision A.5.6 of the CG Code stipulates that the nomination committee (or the board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the corporate governance report. The nomination and remuneration committee of the Company would review the board composition from time to time and from a number of aspects, including but not limited to skills, experience, knowledge, expertise, culture, independence, age and gender. It considered that the board diversity is in place and therefore the update of policy is not required. As required by provision A.6.7 of the CG Code, independent non-executive director should attend general meetings. Independent non-executive director Mr. Jiang Yuzhi had a business trip and could not attend the Company's annual general meeting on 28 May 2014, independent non-executive director Jiang Yuzhi had a business trip and could not attend the Company's extraordinary general meeting on 23 October 2014.

Save as disclosed above, for the year ended 31 December 2014, the Board confirmed that the Group has adopted and complied with the provisions of the CG Code and has followed most of its recommended best practices with no deviation.

## SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as the model code for the trading of securities by directors of the Group. The effective date was 23 December 2003. Following enquiries with all directors of the Company, the Group confirmed that all directors have complied with the provisions of the Model Code for the year ended 31 December 2014.

## BOARD COMPOSITION AND PRACTICE

The Board of the Company is jointly responsible to all shareholders for leading and overseeing the operations of the Group so as to ensure the achievement of the objective of value adding to shareholders.

The Board comprises eleven directors, including six executive directors, one non-executive director and four independent non-executive directors. The executive Directors are Chen Jinghe, Wang Jianhua, Qiu Xiaohua, Lan Fusheng, Zou Laichang and Lin Hongfu, the non-executive Director is Li Jian, and the independent non-executive Directors are Lu Shihua, Ding Shida, Qiu Guanzhou and Sit Hoi Wah, Kenneth. The biographical details of each Director are set out in the section "Directors, Supervisors and Senior Management" on pages 28 to 31. There is no related connections in respect of finance, business or family relations among the members of the Board.

Pursuant to the Listing Rules, a listed issuer must have at least three independent non-executive directors and at least one of them shall possess appropriate professional qualifications or appropriate expertise in accounting or financial management. Furthermore, the Company must appoint independent non-executive directors representing at least one-third of the Board. There are four independent non-executive directors who represent more than one-third of the Board. The professional composition of independent non-executive directors of the Company is: one independent non-executive director who is an experienced accountant with expertise in accounting and financial management and one independent non-executive director who is an experienced lawyer with expertise in Hong Kong law.

For the year ended 31 December 2014, except Qiu Guanzhou who was appointed from 23 October 2014 to 24 October 2016, all the non-executive directors of the Company were appointed for 3 years from 25 October 2013 to 24 October 2016. Details are set out in the Report of the Directors.

All independent non-executive directors have submitted annual confirmations of their independence pursuant to Rule 3.13 of the Listing Rules. The Group considers that all independent non-executive directors have complied with the Independence Guideline of Rule 3.13 of the Listing Rules and are considered as independent directors pursuant to the provisions of the guideline.

Mr. Chen Jinghe is the chairman of the Board and Mr. Wang Jianhua is the president of the Company in the current term. The structure does not deviate from provision A.2.1 of the CG Code.

Led by the chairman of the Board, the Board is responsible for approving and monitoring the overall development strategy of the Group, approving annual budgets and business plans, approving major investment projects related to the business development of the Group, assessing the performance of the Group, supervising the work of the management and ensuring that the Board acts in the best interests of the Group. The chairman should ensure that the Board operates effectively and discharges its proper duties and holds discussions on various important and proper businesses of the Company in a timely manner. All directors are entitled to propose any matter which needs to be submitted to the Board for discussion in the agenda of a Board meeting. The chairman has delegated the secretary to the Board to draft the agenda of each Board meeting. With the assistance of executive directors, the secretary to the Board and the company secretary, the chairman will ensure that all directors will be provided with sufficient and reliable information in a timely manner to enable them to make necessary analysis according to their business expertise.

As the president of the Company, Mr. Wang fully delegates the daily operation management to the relevant managers. Executive directors and vice presidents of the Group are responsible for the daily management of various businesses, including implementing resolutions of the Board, and are responsible to the president for the business operations of the Group. The president of the Company is responsible to the Board for the overall operations of the Group.

## **CORPORATE GOVERNANCE, INSIDER REGISTRATION AND MANAGEMENT AND RELEVANT MATTERS**

During the reporting period, the Company strictly followed the requirements of the "Company Law", "Securities Law", "Code of Corporate Governance for Listed Companies", "Rules Governing the Listing of Stocks on Shanghai Stock Exchange", "Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited" and other domestic and foreign laws and regulations, continuously improved the Company's corporate governance structure, regulated the Company's operation, enhanced the Company's corporate governance standard. Currently, the Company has already established a relatively sound corporate governance structure and corporate governance system.

## **SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETINGS**

During the reporting period, the Company convened 1 annual general meeting and 1 extraordinary general meeting. The Company strictly convened and held the shareholders' general meetings following the regulations and requirements of the articles of association of the Company and the rules governing the procedures of the shareholders' general meeting of the Company, which ensured all of the Company's shareholders, especially the minority shareholders, could enjoy equal rights and fully exercise their voting rights.

## **RELATIONS WITH CONTROLLING SHAREHOLDER**

The Company and the controlling shareholder are completely independent and separated in terms of assets, personnel, finance, institution and operation; the Company's Board, supervisory committee and internal institutions operate independently, the controlling shareholder does not intervene in the daily operation of the Company; the controlling shareholder of the Company strictly complied with the commitment made to the Company to avoid mutual competition within the same industry. During the reporting period, there is no controlling shareholder of the Company using its special status to occupy and prejudice the Company and the interests of the other shareholders.

# Corporate Governance Report *(continued)*

*(English translation is for reference only)*

## **DIRECTORS AND BOARD OF DIRECTORS**

The board of directors of the Company consists of 11 directors, in which there are 4 independent non-executive directors, the number and the composition of the board of directors comply with the relevant laws and regulations. The composition of professions of the member of the board of directors is reasonable. The members of the board of directors possess the knowledge, skills and competence to discharge their duties. The directors timely attended the general meetings and board meetings, discharged their duties conscientiously, faithfully and diligently, proactively participated in the business training. They are familiar with the relevant laws and regulations and have clear sense of the rights, obligations and responsibilities as a director. There are four specialized committees under the board of directors including the strategic committee, audit and internal control committee, nomination and remuneration committee and execution and investment committee to further enhance the decision-making mechanism of the board of directors of the Company.

## **SUPERVISORS AND THE SUPERVISORY COMMITTEE**

The supervisory committee of the Company consists of 5 members, including 2 supervisors representing workers and staff, the number and composition of the members of supervisory committee comply with the relevant laws and regulations. Most of the supervisors have professional knowledge and working experience of accounting, auditing and so on. According to the authority and responsibility conferred by the articles of association of the Company, the supervisory committee regularly convened supervisory committee meetings, conscientiously discharged their duties so as to be responsible to shareholders, supervised and inspected the performance of the directors and senior management personnel and the lawfulness and compliance of the Company's financial issues to fully safeguard the legitimate rights and interests of the Company and shareholders. Under the supervisory committee, there is a supervisory and audit office which is responsible for supervising the legal compliance in the Company's daily business and the regulated financial operations, etc.

## **AMENDMENT AND PERFECTION OF POLICIES**

During the reporting period, pursuant to the requirements of "Guidelines of Listed Companies No. 3 - cash dividends of listed companies" of the China Securities Regulatory Commission and the relevant requirements regarding improving cash dividend distribution policy issued by the China Securities Regulatory Commission Fujian Bureau, as well as taking into account the actual situation of the Company, the Company amended article 165 of the articles of association; pursuant to "Opinions of Further Strengthening the Works of Protecting the Legitimate Rights of Minority Shareholders in the Capital Market" from the General Office of the State Council (Guo Ban Fa [2013] No.110), "Guidance on Articles of Association of Listed Companies (2014 revised)" (China Securities Regulatory Commission Announcement [2014] No.19) issued by the China Securities Regulatory Commission, "Notice in relation to Further Strengthening the Works of Protecting Interests of Investors" (Min Zheng Jian Fa [2014] No.147) issued by the China Securities Regulatory Commission Fujian Bureau and other regulations, the Company amended article 54, article 65 and article 84 of the articles of association of the Company, and amended the rules governing the procedures of the shareholders' general meeting of the Company. The above amendments of rules were all passed at the Company's shareholders' meetings.

## **PERFORMANCE EVALUATION AND INCENTIVE AND RESTRICTION MECHANISM OF THE COMPANY**

The Company has established a relatively reasonable performance evaluation system, each employment position of the Company has a clear set of performance evaluation indicators. In strict accordance with the performance evaluation criteria and procedures of the Board, supervisory committee and senior management personnel, the Company established the objectives, responsibilities, performance evaluation criteria and incentive and restriction mechanism, and continues to revise them for making them more scientific and encouraging.

## **INFORMATION DISCLOSURE**

The Company strictly followed the listing rules of the PRC and Hong Kong, fulfilled the information disclosure obligations in accordance with laws and complied with the principle of "fair, impartial, open" to disclose relevant information like the periodic reports and ad hoc announcements of the Company truly, accurately, timely and completely; the secretary to the Board is responsible for information disclosure of the Company, the securities department and the investor relations management team of the Company are responsible for the reception of investors for their visits and enquiries to strengthen communication and exchanges with investors.



## REGISTRATION AND MANAGEMENT OF INSIDERS

During the reporting period, the Company strictly followed the Management Policy of Inside Information and Insiders, worked well on the registrations and filings of insiders based on the development of the relevant significant events and the situations which maintaining confidentiality was required. There was no situation of unusual volatility of stock price attributable to leakage of inside information. The Company's principle of fair disclosure of information was upheld, the legitimate interests of the Company's shareholders were practically protected.

## RELEVANT PARTIES TO THE COMPANY

The Company fully respected and safeguarded the legitimate rights and interests of the relevant parties, and established good channels of communication to jointly promote the sustainable, healthy and stable development of the Company. The Company actively concerned about the community development, and performed social responsibilities by way of helping, co-building, donation, etc.

## GENERAL MEETINGS

Session of meeting	Convening date	Resolutions for the meeting	Poll results of the resolutions	Date of publishing poll results of the resolutions
2013 annual general meeting	28 May 2014	Special resolutions: The proposal of completion of repurchase of H shares and its change of registered capital of the Company, the proposal of amendments on the articles of association of the Company, the proposal of a general mandate to issue debt financing instruments, the proposal of granting general mandate to the Board of Directors of the Company to repurchase H shares, the proposal of the Company to provide guarantee to its overseas subsidiaries for the loans; Ordinary resolutions: Report of the Board of Directors of the Company for 2013, Report of the Independent Directors of the Company for 2013, Report of Supervisory Committee of the Company for 2013, the Company's financial report for the year ended 31 December 2013, the Company's 2013 annual report and its summary report, the profit distribution proposal of the Company for the year ended 31 December 2013, the proposal of remunerations of the Executive Directors and Chairman of Supervisory Committee of the Company for the year ended 31 December 2013, the proposal of reappointment of domestic auditor for the year ended 31 December 2014 and the authorization to the Board of Directors to determine the auditor's 2014 remuneration.	All the tabled resolutions were passed at the 2013 annual general meeting	28 May 2014

# Corporate Governance Report *(continued)*

*(English translation is for reference only)*

<b>Session of meeting</b>	<b>Convening date</b>	<b>Resolutions for the meeting</b>	<b>Poll results of the resolutions</b>	<b>Date of publishing poll results of the resolutions</b>
The first A Shareholders' class meeting in 2014	28 May 2014	The proposal of granting general mandate to the Board of Directors of the Company to repurchase H shares	The tabled resolution was passed at the first A Shareholders' class meeting in 2014	28 May 2014
The first H Shareholders' class meeting in 2014	28 May 2014	The proposal of granting general mandate to the Board of Directors of the Company to repurchase H shares	The tabled resolution was passed at the first H Shareholders' class meeting in 2014	28 May 2014
The first extraordinary general meeting in 2014	23 October 2014	Special resolutions: The proposal of amendments to the articles of association of the Company, the proposal of amendments to the rules governing the procedures of the shareholders' general meeting of the Company; Ordinary resolution: The proposal of electing Mr. Qiu Guanzhou as an independent non-executive director of the fifth Board of Directors of the Company.	All the tabled resolutions were passed at the first extraordinary general meeting in 2014	23 October 2014

## THE ATTENDANCE OF DIRECTORS AT THE BOARD MEETINGS AND GENERAL MEETINGS

The Board has convened 22 plenary Board meetings for the year ended 31 December 2014. The attendance of directors at the meetings was as follows:

Name	Independent director	Number of board meetings this year	Board meetings				General meetings	
			Attended in person	Attended via tele-communication	Attended by proxy	Absent	Absent in 2 consecutive meetings	Number of meetings attended
Chen Jinghe	No	22	22	16	0	0	No	2
Wang Jianhua	No	22	22	16	0	0	No	2
Qiu Xiaohua	No	22	19	16	3	0	No	2
Lan Fusheng	No	22	22	16	0	0	No	2
Zou Laichang	No	22	21	16	1	0	No	1
Lin Hongfu	No	22	22	16	0	0	No	2
Li Jian	No	22	22	16	0	0	No	2
Ding Shida	Yes	22	21	17	1	0	No	2
Lu Shihua	Yes	22	22	16	0	0	No	2
Sit Hoi Wah, Kenneth	Yes	22	22	16	0	0	No	2
Jiang Yuzhi	Yes	15	10	7	0	5	Yes	0
Qiu Guanzhou	Yes	7	7	7	0	0	No	1

Number of board meetings held this year	22
In which, number of meetings attended in person	5
Number of meetings via telecommunications	16
Number of meetings attended in person and via telecommunications	1

## CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for developing the policies for the corporate governance of the Company and performing the corporate governance duties as below:

- (i) To develop and review the Group's policies and practices on corporate governance and make recommendations;
- (ii) To review and monitor the training and continuous professional development of directors and senior management;
- (iii) To review and monitor the Group's policies and practices on the compliance with all legal and regulatory requirements (where applicable);
- (iv) To develop, review and monitor the code of conduct and compliance manual (if any) applicable to the employees and directors of the Group; and
- (v) To review the Group's compliance with the CG Code and disclosure requirements in the corporate governance report.

# Corporate Governance Report *(continued)*

*(English translation is for reference only)*

## CONTINUOUS PROFESSIONAL DEVELOPMENT

The Directors have been informed of the requirement under provision A.6.5 of the CG Code regarding continuous professional development. In the year ended 31 December 2014, all the Directors participated in the training programs arranged by the Company to develop and refresh the Directors' knowledge and skills as directors of companies listed on the Stock Exchange.

## NOMINATION AND REMUNERATION OF DIRECTORS

The Board established the nomination and remuneration committee. It comprises independent non-executive directors, Mr. Lu Shihua, Mr. Ding Shida, Mr. Qiu Guanzhou, Mr. Sit Hoi Wah, Kenneth, non-executive director, Mr. Li Jian, and the chairman of the Board, Mr. Chen Jinghe. Mr. Ding Shida was appointed as the chief commissioner of the nomination and remuneration committee. The nomination and remuneration committee also comprises various working group members. Detailed regulations for the nomination and remuneration committee are amended pursuant to the CG Code and the regulations and the terms of reference of the nomination and remuneration committee are published on the website of the Company.

The major responsibilities of the nomination and remuneration committee are:

- To review structure, number of members, and constitution (including skills, knowledge and experiences) of the Board, and propose any possible changes to the Board;
- To look for qualified person to take the position of director, and nominate and provide suggestions to the Board;
- To assess the independence of independent non-executive directors;
- To provide suggestions on appointment, reappointment and succession plan of directors (especially chairman and president) to the Board;
- To formulate the remuneration plan and reward and penalty plan for directors and senior management;
- To appraise and evaluate the performance of duties of directors and senior management;
- To ensure that no director or his associates can determine his own remuneration.

## PROCEDURE AND BASIS FOR DETERMINATION OF REMUNERATION

Pursuant to the articles of association of the Company, the remuneration plan and reward and penalty plan for directors, supervisors and senior management shall be proposed by the nomination and remuneration committee. Remuneration of executive directors and the chairman of supervisory committee shall be considered and approved in a general meeting. Remuneration of senior management shall be considered and approved by the Board. Determination of the remuneration of the directors, supervisors and senior management shall be based on the annual operation results of the Company and resolution of the general meeting/Board meeting.

The nomination and remuneration committee is delegated by the Board to advise on the specific remuneration packages for all executive directors and senior management, including non-monetary benefits, pensions and compensation (including compensation for loss or termination of office or appointment), and make suggestions to the Board for the remuneration of non-executive directors. The nomination and remuneration committee should consider the factors including the remuneration packages in comparable companies, time devoted by and duties of the directors, conditions of employment of other positions within the Group and whether to adopt performance-based remuneration, etc.

During the reporting period, the nomination and remuneration committee of the Board has, in accordance with the appraisal working requirements of the Board to the Company's directors, supervisors and senior management personnel, organized and successfully completed the 2013 annual performance assessment of directors, supervisors and senior management personnel.

In the second half of 2014, the nomination and remuneration committee has taken the lead for the 2014 annual performance assessment of directors, supervisors and senior management personnel of the Company.

During 2014, 2 meetings of the nomination and remuneration committee were held.

**THE ATTENDANCE OF NOMINATION AND REMUNERATION COMMITTEE MEETINGS**

Name	Number of the committee meetings	Attended	Absent
Ding Shida (Chief Commissioner)	2	2	0
Lu Shihua	2	2	0
Qiu Guanzhou (Appointed on 23 October 2014)	0	0	0
Sit Hoi Wah, Kenneth	2	2	0
Chen Jinghe (Chairman)	2	2	0
Li Jian	2	2	0
Jiang Yuzhi (Resigned on 23 October 2014)	2	1	1

Pursuant to the requirements of the articles of association of the Company and the detailed implementation rules of the nomination and remuneration committee, in the meetings, the committee members evaluated and made proposal on the remuneration plan and the reward and penalty plan. The proposal was made with reference to the performance of the Directors, the overall performance of the Group, the average salary of the local employees, etc.

**DIRECTORS' ANNUAL REMUNERATION**

Details are set out in Note XIII.4 to the financial statements.

**SUPERVISORS' ANNUAL REMUNERATION**

Name	Position	Total remuneration received from the Company in the reporting period (RMB'000) (before tax)
Lin Shuiqing	Chairman of the supervisory committee	2,037.8
Xu Qiang	Vice-chairman of the supervisory committee	120
Fan Wensheng	Supervisor	—
Liu Wenhong	Supervisor representing workers and staff	72
Zhang Yumin	Supervisor representing workers and staff	72

**AUDITORS' REMUNERATION**

For the year ended 31 December 2014, the audit fees charged by the auditors of the Company was RMB7,460,000.

**AUDIT AND INTERNAL CONTROL COMMITTEE**

The audit and internal control committee comprises independent non-executive directors, Mr. Lu Shihua, Mr. Ding Shida, Mr. Qiu Guanzhou, Mr. Sit Hoi Wah, Kenneth, non-executive director, Mr. Li Jian, president and executive director, Mr. Wang Jianhua and executive director, Mr. Qiu Xiaohua. The chief commissioner of the committee is Mr. Lu Shihua. During 2014, 4 meetings of the audit and internal control committee were held.



## THE ATTENDANCE OF AUDIT AND INTERNAL CONTROL COMMITTEE MEETINGS

Name	Number of the committee meetings	Attended	Absent
Lu Shihua (Chief Commissioner)	4	4	0
Ding Shida	4	4	0
Qiu Guanzhou (Appointed on 23 October 2014)	1	1	0
Sit Hoi Wah, Kenneth	4	4	0
Wang Jianhua (President)	4	4	0
Qiu Xiaohua	4	4	0
Li Jian	4	4	0
Jiang Yuzhi (Resigned on 23 October 2014)	3	2	1

The Board considers that members of the audit and internal control committee have sufficient professional knowledge and experience in accounting and financial management to enable them to perform their duties.

The terms of reference of the audit and internal control committee are published on the website of the Company.

The major responsibilities of the audit and internal control committee are:

- To propose hiring or changing of the external audit institution;
- To oversee the Company's internal audit system and its implementation;
- To audit the Company's financial information and its disclosure (including the annual report, the interim report, quarterly reports and any feasible financial review);
- To audit the Company's financial reporting and internal control system and to audit material connected transactions.

The audit and internal control committee has held meetings on a regular basis since its establishment and convened 4 meetings during the reporting period.

In the meetings held in March 2014, the committee reviewed the working report prepared by the supervisory and audit office and reviewed the auditors' report and connected transactions of the Group for the year of 2013, and also submitted its concluding opinions on relevant connected transactions and the audit to the Board.

In the meeting held in April 2014, the committee reviewed the first quarterly report of the Group for the year of 2014 and submitted its concluding opinions on the audit to the Board.

In the meeting held in August 2014, the committee reviewed the interim report and connected transactions of the Group for the year of 2014, and reviewed the effectiveness of the Group's internal control system and submitted its concluding opinions on the audit to the Board.

In the meeting held in October 2014, the committee reviewed the third quarterly report of the Group for the year of 2014 and submitted its concluding opinions on the audit to the Board.

The audit and internal control committee has communicated with the accounting firm for the focusing issues before they started the audit field work for the year of 2014, during the audit process and after the drafted audit report was issued respectively. The audit and internal control committee convened a meeting on 19 March 2015, in which it examined and approved the 2014 annual report and considered that: there is no major omission in the 2014 annual financial report issued by Ernst & Young Hua Ming LLP, it fairly presented the financial position of the Company in all material aspects as of 31 December 2014 and the production and operating results of 2014, agreed to submit the aforementioned documents to the Board for consideration.

## **DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL REPORTS**

All directors of the Group have acknowledged their responsibilities for preparing the financial reports of the Group. Directors ensure that the preparation of financial reports of the Group is in compliance with relevant regulations and applicable accounting standards and that financial reports of the Group are issued in a timely manner.

The responsibility statement made by the auditors of the Company in respect of financial reports of the Group is set out in the auditors' report on page 77.

## **COMPANY SECRETARY**

Fan Cheung Man is the company secretary. Details of the biography of the company secretary are set out in the section headed "Directors, Supervisors and Senior Management" of this annual report. The company secretary took no less than 15 hours of relevant professional training in the year ended 31 December 2014 as required by the Listing Rules.

## **SHAREHOLDING INTERESTS OF SENIOR MANAGEMENT**

The details of shareholding interests of Directors and supervisors of the Group are set out in "Disclosure of Interests and Short Positions of the Directors and Supervisors of the Company" on pages 41 to 42 of the annual report.

## **CHANGE IN CONSTITUTIONAL DOCUMENTS**

At the general meetings held on 28 May 2014 and 23 October 2014, amendments to the articles of association of the Company were approved by the shareholders of the Company, mainly to bring the articles of association of the Company in line with the revised business licence. An updated version of the articles of association of the Company is available on the websites of the Company and the Stock Exchange.

## **SHAREHOLDERS' RIGHTS**

The articles of association of the Company have stipulated the rights and obligations of all shareholders.

Shareholders holding more than 10% (including 10%) of the issued shares with voting right of the Company can demand in writing to convene an extraordinary general meeting.

The Company shall issue a written notice 45 days before the holding of a general meeting and inform all registered shareholders about the matters to be considered in the meeting and the date and venue of the meeting. Shareholders who intend to attend the general meeting shall return the written reply for attending the meeting to the Company 20 days before the convention of meeting.

In the annual general meeting convened by the Company, shareholders holding more than 3% of the shares with voting right of the Company are entitled to make new proposals in writing. The Company shall include the matters in the proposals that are within the scope of the terms of reference of the general meeting in the agenda of the meeting.

The Board shall provide explanations and reasons in the general meeting if it decides not to include the general meeting proposals in the agenda of the meeting. It shall also publish the content of the proposals and the Board's explanations together with resolutions of the general meeting following the conclusion of the general meeting.

Voting in a general meeting is by way of poll.

The Group communicates with shareholders through the issuance of annual reports, interim reports, quarterly reports, press and electronic announcements. All communications with shareholders are also published on the website of the Group, [www.zjky.cn](http://www.zjky.cn).

# Corporate Governance Report *(continued)*

*(English translation is for reference only)*

## **OBJECTIONS RAISED BY INDEPENDENT DIRECTORS FOR MATTERS RELATED TO THE COMPANY**

During the reporting period, the independent non-executive directors of the Company did not raise any objection against the proposals of the board and other proposals out of the board of the Company for the year.

## **ESTABLISHMENT, IMPROVEMENT AND MAIN CONTENT OF THE RELEVANT WORKING SYSTEM OF INDEPENDENT DIRECTORS AND PERFORMANCE OF INDEPENDENT DIRECTORS**

During the reporting period, the independent non-executive directors of the Company performed their duties diligently and actively participated in the board meetings and shareholders' general meetings, understood the production, operation, financial situations of the Company timely, raised independent opinions about the Company's periodic reports and connected transactions, provided professional advices for the board of directors' scientific decisions, comprehensively and effectively promoted the establishment of the internal control system of the Company and the evaluation of internal control, gave full play to the role of the independent non-executive directors and safeguarded the legitimate rights and interests of the Company and the minority shareholders as a whole.

During the reporting period, independent non-executive directors of the Company conducted on-site inspection and investigation on key projects including Kyrgyzstan Zuoan gold mine, Xinjiang Ashele, Shanxi Zijin, Chongli Zijin, etc. and proposed professional guidance on the aspects such as corporate business developments ideas, investment decisions, major technical solutions, production and management, cost control, energy conservation and emission reduction, work safety and environmental protection, strengthen corporate governance, discharge of social responsibility, etc.

## **THE IMPORTANT OPINIONS AND SUGGESTIONS FROM THE SPECIALIZED COMMITTEES UNDER THE BOARD OF DIRECTORS IN THE PERFORMANCE OF DUTIES DURING THE PERIOD**

During the reporting period, the audit and internal control committee of the board of directors received the reports from the Company's management regarding the Company's production and operating status, investment and financing activities and other significant events in the year, and reviewed the Company's annual report 2013, first quarterly report 2014, interim report 2014 and third quarterly report 2014 according to the relevant articles of operation and fully discharged their duties. The audit and internal control committee communicated with the auditor before the field-works of the 2014 annual audit, during the audit process and after issuance of the first draft of audit report, and exchanged their opinions on key issues with the auditors. The audit and internal control committee convened a meeting on 19 March 2015 and approved the Company's annual report 2014, and considered that there was no material omission in the 2014 financial statements issued by Ernst and Young Hua Ming LLP, it presented the financial position of the Company fairly in all material aspects as at 31 December 2014 and the production and operating results of 2014. The audit and internal control committee agreed to pass the above documents to the Company's board of directors for consideration.

During the reporting period, the fifth term of strategic committee of the board of directors revised the development strategies of the Company, studied and formulated the targets of the new round of business development.

During the reporting period, the fifth term of nomination and remuneration committee of the board of directors carried out review on the remuneration of the Company's executive directors, chairman of supervisory committee and senior management based on the 2014 operating results, and submitted the proposal to the board of directors and general meeting for approval. The nomination and remuneration committee of the board of directors organized and carried out the appraisal for 2014 towards the directors, supervisors and senior management of the Company according to their duties being assessed.

During the reporting period, the fifth term of execution and investment committee of the board of directors completed the reviews on the Company's external investments, transfers of equity interests, assets disposals and other matters following the authorization of the board of directors. It also provided guidance and opinions on the appointment, dismissal and recommendation of the directors, supervisors, senior management and other staff of the associate companies of the Company.

## **RISKS IN THE COMPANY DISCOVERED BY THE SUPERVISORY COMMITTEE**

During the reporting period, the supervisory committee had no disagreement on the supervised items.

## **OPERATION, STAFF, ASSETS, ORGANIZATIONS, FINANCE, ETC. WHICH THE COMPANY CANNOT ENSURE INDEPENDENCY AND SELF-OPERATING ABILITY FROM THE CONTROLLING SHAREHOLDER**

The Company had independency and completeness on operation, staff, assets, organizations, finance, etc. from the controlling shareholder.

## **ASSESSMENT MECHANISM FOR SENIOR MANAGEMENT AND THE ESTABLISHMENT AND IMPLEMENTATION OF INCENTIVE MECHANISM DURING THE REPORTING PERIOD**

In accordance with the "Remuneration and review policy for senior management of operation of the fifth term" passed in the first meeting of the fifth term of board of directors, the nomination and remuneration committee of the board of directors approved the total amount of the remuneration of senior management according to the status of completion of the production and operation of the Company of the year, and submitted the proposal to the board of directors for consideration.

## **INVESTOR RELATIONS**

The Board fully recognises that effective communication with investors is the key to building investors' confidence and attracting new investors.

The Group held press conferences and/or briefings to investment analysts immediately following the announcements of its annual and interim results. Senior management such as the chairman of the Board and the financial controller of the Group presented to analyse the performance of the Group during the relevant period, expound the business development of the Group and answer queries raised by investors. After the issuance of A shares, the Group also issued results announcements on 29 April 2014 for the first quarter of year 2014 and on 24 October 2014 for the third quarter of year 2014.

Results announcements of the Group have also been published timely on the website of the Group.

The Group not only participated in investor conferences, received analysts and investors for their visits, answered investors' call and responded to their enquiries, but also arranged for professional investors to visit its subsidiaries and mines so that they can understand the Group's existing production status, investment status and business development so as to enhance their confidence over the Group.

During the year, the Company convened the 2013 annual general meeting on 28 May 2014 and the first extraordinary general meeting in 2014 on 23 October 2014. Details are set out in this report.

As at 20 March 2015, 73,042,000 H Shares were repurchased during the period from 15 September 2014 to 18 November 2014, but have not yet been cancelled pending completion of the change of business registration with relevant PRC authorities. After deduction of the repurchased shares, the registered capital of the Company will be RMB2,157,281,365 comprising 5,769,010,000 H Shares listed on the Hong Kong Stock Exchange, representing about 26.74% of the total issued shares, and 15,803,803,650 A Shares listed on the Shanghai Stock Exchange, representing about 73.26% of the total issued shares. The total listed shares in these two stock exchanges represented 100% of the total issued shares of the Company.

## INTERNAL CONTROL

### RESPONSIBILITY STATEMENT OF INTERNAL CONTROL AND ESTABLISHMENT OF INTERNAL CONTROL SYSTEM

It is the responsibility of the Board of Directors of the Company to establish a sound and effective internal control system following the regulations of the internal control of the corporation, evaluate its effectiveness and truthfully disclose the internal control evaluation report. The supervisory committee carries out supervision on the establishment and implementation of internal control of the board of directors. The management is responsible for organizing and leading the daily operation of the corporation's internal control.

The Board followed the "Basic Norms of Internal Control", its supporting guidelines and the relevant laws and regulatory requirements, through the establishment of a sound and effective internal control system, to reasonably assure that the Company operated legally, with assets safety and true and complete financial reports and relevant information, enhance operation efficiency and results, and promote the realization of the development strategy. Since constraints exist in the internal control, the above targets could only be reasonably assured. In addition, since changes in the situation may make the internal control become improper, or decrease the levels of policy control and the follow of procedures, there are certain risks in predicting the effectiveness of internal control in the future based on the evaluation results of the internal control.

In 2014, in response to the market downturn of gold and non-ferrous metals and the adverse impacts on the economic benefits of the Company brought by significant decline in the price of mine-produced products, the Company took various measures to react proactively and targeted to strengthen the internal control system. Thus, the internal control system was further improved and achieved remarkable results. The management and control, operational efficiency and strategic achievement capacity of the Group were significantly improved.

At the beginning of the year, the Company held a meeting of strategy to form two programmatic documents namely "the resolution on the Company's development strategy" and "important opinions for the Company's new round of development strategy", which indicated the Company's development direction. The Group's strategy can play a leading role effectively and the management of the study, formulation, decomposition, execution, supervision, analysis and evaluation of the strategy was further improved. The Company adhered to use market as the guidance and value creation as the standard, followed "one corporation one policy" to build economic accountability assessment system which effectively push ahead the achievement of the goal of maintaining growth. In 2014, in order to strengthen the Group's three-levels management and control lawfully, the Company sorted out matters regarding the three-levels management and control and formed a summary list of the Group's three-levels management and corporate governance. In accordance with the internal and external environmental changes and the needs for the Company's development, the Company amended and issued 50 institutional documents on policy in total for the year, internal control of important procedures including strategic management, budgeting and operation, geological resources, project construction, outsourcing, work safety and environmental protection, human resources, financial management, etc. was further perfected. With information technology further played an important role in the Company's operational management, the Company kept improving the ERP information system and its operation maintenance. The Company also strengthened the corporate information portal and the establishment of workflow management platform, promoted the PMS project management and other constructions of information technology including the geological resources database, reporting centre, financial information sharing centre, etc. The standard of automatic information technology of internal control was further enhanced.

The Company authorized the supervisory and audit office to organize and carry out evaluation on the internal control. The process of evaluation on internal control, the decided scope of internal control and the methods of evaluation were proper, the evidences obtained for the evaluation were sufficient, the works of evaluation on internal control were standard and ordered. The board of directors considered that the units, business, items and the high-risk areas included in the scope of evaluation covered the major aspects of the Company's operation and management, there was no material omission. Based on the results of identification of important defects of internal control, as at 31 December 2014, no important defect of internal control related to financial reporting was discovered by the Company and during the internal control self-assessment process, no important defect of internal control related to non-financial reporting was discovered by the Company. During the period from 31 December 2014 to the date of issue of the internal control evaluation report, no factor of the Company which would affect the conclusion on the evaluation of the effectiveness of the internal control was discovered. Please refer to "2014 Internal Control Evaluation Report" which was issued by the Company on the same day for details.





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Ernst & Young Hua Ming (2015) Shen Zi No. 60468092\_G01

To the shareholders of Zijin Mining Group Company Limited

We have audited the accompanying financial statements of Zijin Mining Group Company Limited, which comprise the consolidated and company balance sheets as at 31 December 2014, and the consolidated and company statements of profit or loss, statements of changes in equity and statements of cash flows for the year then ended, and notes to financial statements.

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

## AUDITORS' RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## OPINION

In our opinion, the financial statements present fairly, in all material aspects, the consolidated and company's financial position of the Company as at 31 December 2014 and the consolidated and company's financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: Xie Feng

Beijing, the People's Republic of China

Chinese Certified Public Accountant: Zhong Ye

20 March 2015

Note: The notes to financial statements with "\*" are disclosed in accordance with the rules governing the listing of securities on the Stock Exchange of Hong Kong Limited and Hong Kong Companies Ordinance.

# Consolidated Balance Sheet

As at 31 December 2014

RMB  
(English Translation for Reference Only)

ASSETS	Note V	2014	2013
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	1	<b>4,139,672,768</b>	4,491,737,212
Financial assets at fair value through profit or loss	2	<b>312,247,627</b>	475,941,951
Bills receivable	3	<b>538,484,702</b>	780,847,129
Trade receivables	4	<b>1,228,075,464</b>	519,354,631
Prepayments	5	<b>649,968,149</b>	921,089,268
Other receivables	6	<b>1,266,545,176</b>	1,791,576,506
Inventories	7	<b>10,353,917,540</b>	8,200,028,550
Other current assets	8	<b>1,129,315,164</b>	751,212,263
Total current assets		<b>19,618,226,590</b>	17,931,787,510
<b>NON-CURRENT ASSETS</b>			
Available-for-sale investments	9	<b>495,285,702</b>	698,616,484
Long-term equity investments	10	<b>5,346,350,207</b>	4,679,157,936
Investment properties	11	<b>174,284,695</b>	112,444,271
Fixed assets	12	<b>25,003,524,624</b>	19,353,330,551
Construction in progress	13	<b>7,964,785,151</b>	9,986,200,612
Construction materials	14	<b>274,012,010</b>	189,696,519
Intangible assets	15	<b>9,385,134,080</b>	8,498,320,317
Goodwill	16	<b>496,758,705</b>	496,758,705
Long-term deferred assets	17	<b>1,126,092,176</b>	1,093,707,245
Deferred tax assets	18	<b>867,406,609</b>	795,179,740
Other non-current assets	19	<b>4,407,727,099</b>	3,063,189,230
Total non-current assets		<b>55,541,361,058</b>	48,966,601,610
<b>TOTAL ASSETS</b>		<b>75,159,587,648</b>	66,898,389,120

# Consolidated Balance Sheet *(continued)*

As at 31 December 2014

RMB

*(English Translation for Reference Only)*

LIABILITIES AND OWNERS' EQUITY	Note V	2014	2013
<b>CURRENT LIABILITIES</b>			
Short-term borrowings	21	4,551,121,572	2,774,147,375
Financial liabilities at fair value through profit or loss	22	8,597,538,500	6,746,734,855
Bills payable	23	282,976,147	281,648,206
Trade payables	24	4,011,412,543	4,593,524,531
Advances from customers	25	1,005,215,386	577,062,261
Employee benefits payable	26	389,444,043	321,424,528
Taxes payable	27	656,071,856	1,014,800,781
Dividends payable	28	35,938,170	5,534,343
Other payables	29	2,626,729,259	2,267,104,690
Current portion of non-current liabilities	30	1,347,611,097	1,377,984,690
<b>Total current liabilities</b>		<b>23,504,058,573</b>	19,959,966,260
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	31	8,339,476,546	6,997,843,844
Bonds payable	32	7,923,716,925	5,405,880,513
Long-term payables	33	413,864,086	309,261,109
Provision	34	177,486,513	147,115,898
Deferred income	35	538,727,221	549,332,668
Deferred tax liabilities	18	593,335,439	443,536,908
<b>Total non-current liabilities</b>		<b>17,986,606,730</b>	13,852,970,940
<b>TOTAL LIABILITIES</b>		<b>41,490,665,303</b>	33,812,937,200
<b>EQUITY</b>			
Share capital	36	2,157,281,365	2,170,015,765
Capital reserve	37	7,329,951,989	7,502,349,142
Other comprehensive income	38	(447,341,491)	(459,778,979)
Special reserve	39	108,445,194	101,948,305
Surplus reserve	40	1,319,401,104	1,319,401,104
Retained earnings	41	17,591,716,635	16,978,322,418
<b>Equity attributable to owners of the parent</b>		<b>28,059,454,796</b>	27,612,257,755
<b>Non-controlling interests</b>		<b>5,609,467,549</b>	5,473,194,165
<b>TOTAL EQUITY</b>		<b>33,668,922,345</b>	33,085,451,920
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>75,159,587,648</b>	66,898,389,120

The financial statements were signed by the followings:

Legal representative:

Principal in charge of accounting:

Head of accounting department:

**Chen Jinghe**

**Lin Hongying**

**Wu Honghui**

# Consolidated Statement of Profit or Loss

For the year ended 31 December 2014

RMB  
(English Translation for Reference Only)

	Note V	2014	2013
<b>OPERATING INCOME</b>	42	<b>58,760,533,928</b>	49,771,511,898
Less: Operating costs	42	<b>50,881,767,555</b>	40,846,480,113
Taxes and surcharges	43	<b>838,416,174</b>	719,196,040
Selling expenses	44	<b>905,512,920</b>	525,665,748
Administrative expenses	45	<b>2,175,124,236</b>	2,165,817,191
Financial expenses	46	<b>767,954,016</b>	733,059,904
Impairment losses on assets	47	<b>362,952,805</b>	792,141,366
Add: (Losses)/gains on changes in fair value	48	<b>(141,213,373)</b>	18,736,057
Investment income	49	<b>772,566,108</b>	13,767,646
Including: Share of profits of associates and joint ventures		<b>21,433,814</b>	117,156,560
<b>OPERATING PROFIT</b>		<b>3,460,158,957</b>	4,021,655,239
Add: Non-operating income	50	<b>236,741,221</b>	223,486,351
Including: Gains on disposal of non-current assets		<b>53,043,654</b>	8,467,645
Less: Non-operating expenses	51	<b>372,762,188</b>	410,440,020
Including: Losses on disposal of non-current assets		<b>151,038,028</b>	126,942,650
<b>PROFIT BEFORE TAX</b>		<b>3,324,137,990</b>	3,834,701,570
Less: Income tax expenses	52	<b>688,695,999</b>	973,432,498
<b>NET PROFIT</b>		<b>2,635,441,991</b>	2,861,269,072
Attributable to:			
Owners of the parent		<b>2,345,062,669</b>	2,125,353,823
Non-controlling interests		<b>290,379,322</b>	735,915,249
<b>NET OTHER COMPREHENSIVE INCOME AFTER TAX</b>			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Changes in fair value of available-for-sale investments		<b>11,541,426</b>	86,901,813
Exchange differences arising from translation of financial statements denominated in foreign currencies		<b>896,062</b>	(160,130,205)
Net other comprehensive income after tax attributable to owners of the parent		<b>12,437,488</b>	(73,228,392)
Net other comprehensive income after tax attributable to non-controlling interests		<b>(19,781,959)</b>	(18,229,147)
		<b>(7,344,471)</b>	(91,457,539)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>2,628,097,520</b>	2,769,811,533
Attributable to:			
Owners of the parent		<b>2,357,500,157</b>	2,052,125,431
Non-controlling interests		<b>270,597,363</b>	717,686,102
Earnings per share			
Basic earnings per share	53	<b>0.11</b>	0.10

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

RMB

(English Translation for Reference Only)

	Attributable to owners of the parent							Non-controlling interests	Total equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Subtotal		
I. Closing balance of the preceding year and opening balance of the current year	2,170,015,765	7,502,349,142	(459,778,979)	101,948,305	1,319,401,104	16,978,322,418	27,612,257,755	5,473,194,165	33,085,451,920
II. Changes for the year	—	—	12,437,488	—	—	2,345,062,669	2,357,500,157	270,597,363	2,628,097,520
(i) Total comprehensive income	—	—	—	—	—	—	—	—	—
(ii) Owners' contributions and reductions in capital	—	—	—	—	—	—	—	—	—
1. Repurchase H Shares	(12,734,400)	(172,397,153)	—	—	—	—	(185,131,553)	—	(185,131,553)
2. Others	—	—	—	—	—	—	—	419,996,395	419,996,395
(iii) Profit distributions	—	—	—	—	—	—	—	—	—
(iv) Distributions to owners	—	—	—	—	—	—	—	—	—
(V) Special reserve	—	—	—	—	—	(1,731,668,452)	(1,731,668,452)	(550,114,514)	(2,281,782,966)
1. Transfer to special reserve in the current year	—	—	—	648,214,175	—	—	648,214,175	97,152,034	745,366,209
2. Amount utilised in the current year	—	—	—	(64,177,286)	—	—	(64,177,286)	(101,357,894)	(743,075,180)
Subtotal of (i) to (iv)	(12,734,400)	(172,397,153)	12,437,488	6,496,889	—	613,394,217	447,197,041	136,273,384	583,470,425
III. Closing balance of the current year	2,157,281,365	7,329,951,989	(447,341,491)	108,445,194	1,319,401,104	17,591,716,635	28,059,454,796	5,609,467,549	33,668,922,345



# Consolidated Statement of Changes in Equity *(continued)*

For the year ended 31 December 2013

RMB

*(English Translation for Reference Only)*

	Attributable to owners of the parent							Non-controlling interests	Total equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Subtotal		
I. Closing balance of the preceding year and opening balance of the current year	2,181,196,365	7,935,180,113	(386,550,587)	98,196,798	1,319,401,104	17,034,164,960	28,181,588,753	5,401,376,986	33,582,965,739
II. Changes for the year									
(i) Total comprehensive income	—	—	(73,228,392)	—	—	2,125,353,823	2,052,125,431	717,686,102	2,769,811,533
(ii) Owners' contributions and reductions in capital									
1. Repurchase H Shares	(11,180,600)	(143,149,886)	—	—	—	—	(154,330,486)	—	(154,330,486)
2. Others*	—	(289,681,085)	—	—	—	—	(289,681,085)	72,105,000	(217,576,085)
(iii) Profit distributions									
1. Distributions to owners	—	—	—	—	—	(2,181,196,365)	(2,181,196,365)	(740,074,356)	(2,921,270,721)
(iv) Special reserve									
1. Transfer to special reserve in the current year	—	—	—	677,165,644	—	—	677,165,644	96,672,703	773,838,347
2. Amount utilised in the current year	—	—	—	(673,414,137)	—	—	(673,414,137)	(74,572,270)	(747,986,407)
Subtotal of (i) to (iv)	(11,180,600)	(432,830,971)	(73,228,392)	3,751,507	—	(55,842,542)	(569,330,998)	71,817,179	(497,513,819)
III. Closing balance of the current year	2,170,015,765	7,502,349,142	(459,778,979)	101,948,305	1,319,401,104	16,978,322,418	27,612,257,755	5,473,194,165	33,085,451,920

# Details are disclosed in Note V 37.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2014

RMB

(English Translation for Reference Only)

	Note V	2014	2013
<b>I CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from sale of goods and rendering of services		<b>62,565,273,259</b>	53,396,720,868
Other cash receipts relating to operating activities	54	<b>942,940,808</b>	488,773,880
Sub-total of cash inflows from operating activities		<b>63,508,214,067</b>	53,885,494,748
Cash payments for goods purchased and services received		<b>(50,060,644,691)</b>	(37,320,035,917)
Cash payments to and on behalf of employees		<b>(2,592,389,468)</b>	(2,056,233,096)
Payments of various types of taxes		<b>(3,579,992,776)</b>	(4,234,484,779)
Other cash payments relating to operating activities	54	<b>(954,563,340)</b>	(1,432,277,392)
Sub-total of cash outflows used in operating activities		<b>(57,187,590,275)</b>	(45,043,031,184)
Net cash flow from operating activities	55	<b>6,320,623,792</b>	8,842,463,564
<b>II CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash receipts from disposals and recovery of investments		<b>545,922,233</b>	1,045,323,031
Cash receipts from investment income		<b>76,849,234</b>	175,219,855
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		<b>77,382,630</b>	102,049,752
Net cash receipts from disposals of subsidiaries and other business units	55	<b>96,075,770</b>	22,378,140
Other cash receipts relating to investing activities	54	<b>341,789,835</b>	288,046,283
Sub-total of cash inflows from investing activities		<b>1,138,019,702</b>	1,633,017,061
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		<b>(6,220,740,665)</b>	(8,620,922,740)
Cash payments to acquire investments		<b>(2,340,340,110)</b>	(1,423,893,403)
Cash (payments)/receipts for acquisitions of subsidiaries and other business units	55	<b>(1,319,030,811)</b>	136,723
Other cash payments relating to investing activities	54	<b>(509,667,366)</b>	(68,067,205)
Sub-total of cash outflows used in investing activities		<b>(10,389,778,952)</b>	(10,112,746,625)
Net cash flow used in investing activities		<b>(9,251,759,250)</b>	(8,479,729,564)

## Consolidated Statement of Cash Flows *(continued)*

For the year ended 31 December 2014

RMB  
(English Translation for Reference Only)

	Note V	2014	2013
<b>III CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash receipts from capital contributions		<b>41,821,084</b>	130,714,613
<i>Including: Cash receipts from capital contributions from non-controlling shareholders of subsidiaries</i>		<b>41,821,084</b>	130,714,613
Cash receipts from borrowings		<b>6,393,829,771</b>	4,565,318,402
Cash receipts from gold leasing business		<b>8,445,476,690</b>	6,844,969,796
Cash receipts from issue of bonds		<b>2,500,000,000</b>	2,500,000,000
Other cash receipts relating to financing activities	54	<b>360,304,291</b>	836,570,035
Sub-total of cash inflows from financing activities		<b>17,741,431,836</b>	14,877,572,846
Cash repayments of borrowings		<b>(5,192,693,483)</b>	(7,008,490,031)
Cash repayments of gold leasing business		<b>(6,734,555,410)</b>	(6,417,818,475)
Cash payments for distribution of dividends or profits or settlement of interest expenses		<b>(3,034,005,043)</b>	(3,686,986,618)
<i>Including: Payments for distribution of dividends or profits to non-controlling shareholders of subsidiaries</i>		<b>(550,114,514)</b>	(740,074,356)
Other cash payments relating to financing activities	54	<b>(366,095,151)</b>	(359,197,586)
Sub-total of cash outflows used in financing activities		<b>(15,327,349,087)</b>	(17,472,492,710)
Net cash flow from/(used in) financing activities		<b>2,414,082,749</b>	(2,594,919,864)
<b>IV EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		<b>7,880,144</b>	(61,621,090)
<b>V NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	55	<b>(509,172,565)</b>	(2,293,806,954)
Add: Opening balance of cash and cash equivalents		<b>4,020,933,021</b>	6,314,739,975
<b>VI CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	55	<b>3,511,760,456</b>	4,020,933,021

# Balance Sheet

As at 31 December 2014

RMB

(English Translation for Reference Only)

ASSETS	Note XIV	2014	2013
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		<b>4,228,054,747</b>	3,858,328,024
Financial assets at fair value through profit or loss		<b>180,602,763</b>	135,738,802
Bills receivable		<b>221,025,393</b>	83,734,355
Trade receivables	1	<b>824,988,293</b>	1,166,401,878
Prepayments		<b>106,641,016</b>	74,528,015
Dividends receivable		<b>39,628,660</b>	24,257,500
Other receivables	2	<b>7,387,979,624</b>	8,083,561,546
Inventories		<b>578,783,457</b>	408,499,205
Other current assets		<b>57,798,472</b>	66,518,178
Total current assets		<b>13,625,502,425</b>	13,901,567,503
<b>NON-CURRENT ASSETS</b>			
Available-for-sale investments	3	<b>214,750,000</b>	357,398,928
Long-term equity investments	4	<b>12,592,073,264</b>	11,237,572,693
Fixed assets	5	<b>3,041,451,003</b>	3,114,611,380
Construction in progress	6	<b>667,056,609</b>	455,097,581
Construction materials		<b>2,091,525</b>	6,064,431
Intangible assets	7	<b>289,074,937</b>	302,634,555
Long-term deferred assets	8	<b>164,007,955</b>	176,801,483
Deferred tax assets		<b>164,923,758</b>	211,403,875
Other non-current assets	9	<b>9,829,588,668</b>	4,324,814,636
Total non-current assets		<b>26,965,017,719</b>	20,186,399,562
<b>TOTAL ASSETS</b>		<b>40,590,520,144</b>	34,087,967,065

## Balance Sheet *(continued)*

As at 31 December 2014

RMB  
(English Translation for Reference Only)

LIABILITIES AND OWNERS' EQUITY	Note XIV	2014	2013
<b>CURRENT LIABILITIES</b>			
Short-term borrowings		<b>960,683,000</b>	518,236,500
Financial liabilities at fair value through profit or loss		<b>5,303,569,501</b>	4,510,524,854
Trade payables	11	<b>555,879,611</b>	372,302,808
Bills payable		<b>15,109,200</b>	—
Advances from customers		<b>5,716,900</b>	1,183,110
Employee benefits payable		<b>136,631,631</b>	131,886,635
Taxes payable		<b>185,678,938</b>	323,431,678
Other payables		<b>532,884,267</b>	564,995,521
Current portion of non-current liabilities		<b>86,651,800</b>	380,806,634
Other current liabilities		<b>72,991,394</b>	67,884,216
Total current liabilities		<b>7,855,796,242</b>	6,871,251,956
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings		<b>3,117,946,200</b>	646,271,400
Bonds payable	12	<b>5,000,000,000</b>	2,500,000,000
Long-term payables	13	<b>292,527,534</b>	276,247,534
Deferred income		<b>365,481,817</b>	369,310,842
Other non-current liabilities		<b>141,119,944</b>	152,784,214
Total non-current liabilities		<b>8,917,075,495</b>	3,944,613,990
<b>TOTAL LIABILITIES</b>		<b>16,772,871,737</b>	10,815,865,946
<b>EQUITY</b>			
Share capital		<b>2,157,281,365</b>	2,170,015,765
Capital reserve		<b>8,591,958,808</b>	8,764,355,961
Other comprehensive income		—	(17,089,603)
Special reserve		—	16,589
Surplus reserve		<b>1,090,812,600</b>	1,090,812,600
Retained earnings		<b>11,977,595,634</b>	11,263,989,807
<b>TOTAL EQUITY</b>		<b>23,817,648,407</b>	23,272,101,119
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>40,590,520,144</b>	34,087,967,065



# Statement of Profit or Loss

For the year ended 31 December 2014

RMB

(English Translation for Reference Only)

	Note XIV	2014	2013
<b>OPERATING INCOME</b>	14	<b>9,735,313,615</b>	9,644,136,088
Less: Operating costs	14	<b>7,793,156,016</b>	7,286,114,794
Taxes and surcharges		<b>356,390,987</b>	222,930,994
Selling expenses		<b>21,635,014</b>	3,071,098
Administrative expenses		<b>550,535,124</b>	546,233,393
Financial expenses	15	<b>(153,132,024)</b>	(86,910,528)
Impairment losses on assets	16	<b>22,303,883</b>	328,078,990
Add: Losses on changes in fair value		<b>(68,681,553)</b>	(8,439,692)
Investment income	17	<b>1,733,193,378</b>	1,754,089,559
<i>Including: Share of profits of associates</i>		<b>45,876,656</b>	54,011,880
<b>OPERATING PROFIT</b>		<b>2,808,936,440</b>	3,090,267,214
Add: Non-operating income		<b>74,718,095</b>	58,629,529
Less: Non-operating expenses		<b>133,105,342</b>	78,945,810
<i>Including: Losses on disposal of non-current assets</i>		<b>54,988,774</b>	12,120,781
<b>PROFIT BEFORE TAX</b>		<b>2,750,549,193</b>	3,069,950,933
Less: Income tax expenses		<b>305,274,914</b>	306,978,551
<b>NET PROFIT</b>		<b>2,445,274,279</b>	2,762,972,382
<b>NET OTHER COMPREHENSIVE INCOME AFTER TAX</b>			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Changes in fair value of available-for-sale investments		<b>17,089,603</b>	26,069,651
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>2,462,363,882</b>	2,789,042,033

# Statement of Changes in Equity

For the year ended 31 December 2014

RMB

(English Translation for Reference Only)

	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
I. Closing balance of the preceding year and opening balance of the current year	2,170,015,765	8,764,355,961	(17,089,603)	16,589	1,090,812,600	11,263,989,807	23,272,101,119
II. Changes for the year							
(I) Total comprehensive income	—	—	17,089,603	—	—	2,445,274,279	2,462,363,882
(II) Owners' contributions and reductions in capital							
1. Repurchase H Shares	(12,734,400)	(172,397,153)	—	—	—	—	(185,131,553)
(III) Profit distributions							
1. Distributions to owners	—	—	—	—	—	(1,731,668,452)	(1,731,668,452)
(IV) Special reserve							
1. Transfer to special reserve in the current year	—	—	—	326,114,800	—	—	326,114,800
2. Amount utilised in the current year	—	—	—	(326,131,389)	—	—	(326,131,389)
Subtotal of (I) to (IV)	(12,734,400)	(172,397,153)	17,089,603	(16,589)	—	713,605,827	545,547,288
III. Closing balance of the current year	2,157,281,365	8,591,958,808	—	—	1,090,812,600	11,977,595,634	23,817,648,407

For the year ended 31 December 2013

RMB

	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
I. Closing balance of the preceding year and opening balance of the current year	2,181,196,365	8,907,505,847	(43,159,254)	16,021	1,090,812,600	10,682,213,790	22,818,585,369
II. Changes for the year							
(I) Total comprehensive income	—	—	26,069,651	—	—	2,762,972,382	2,789,042,033
(II) Owners' contributions and reductions in capital							
1. Repurchase H Shares	(11,180,600)	(143,149,886)	—	—	—	—	(154,330,486)
(III) Profit distributions							
1. Distributions to owners	—	—	—	—	—	(2,181,196,365)	(2,181,196,365)
(IV) Special reserve							
1. Transfer to special reserve in the current year	—	—	—	272,212,302	—	—	272,212,302
2. Amount utilised in the current year	—	—	—	(272,211,734)	—	—	(272,211,734)
Subtotal of (I) to (IV)	(11,180,600)	(143,149,886)	26,069,651	568	—	581,776,017	453,515,750
III. Closing balance of the current year	2,170,015,765	8,764,355,961	(17,089,603)	16,589	1,090,812,600	11,263,989,807	23,272,101,119

# Statement of Cash Flows

For the year ended 31 December 2014

RMB

(English Translation for Reference Only)

	Note XIV	2014	2013
<b>I CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from sale of goods and rendering of services		<b>10,354,098,803</b>	9,582,637,918
Other cash receipts relating to operating activities		<b>530,128,528</b>	453,156,364
Sub-total of cash inflows from operating activities		<b>10,884,227,331</b>	10,035,794,282
Cash payments for goods purchased and services received		<b>(7,443,435,816)</b>	(6,686,649,357)
Cash payments to and on behalf of employees		<b>(517,881,403)</b>	(445,651,745)
Payments of various types of taxes		<b>(1,042,208,063)</b>	(1,351,094,803)
Other cash payments relating to operating activities		<b>(261,299,224)</b>	(321,838,590)
Sub-total of cash outflows used in operating activities		<b>(9,264,824,506)</b>	(8,805,234,495)
Net cash flow from operating activities	18	<b>1,619,402,825</b>	1,230,559,787
<b>II CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash receipts from disposals and recovery of investments		<b>1,687,683,544</b>	1,544,782,916
Cash receipts from investment income		<b>1,196,197,658</b>	1,720,011,193
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		<b>63,730,828</b>	471,890,071
Other cash receipts relating to investing activities		<b>123,001,216</b>	171,990,308
Sub-total of cash inflows from investing activities		<b>3,070,613,246</b>	3,908,674,488
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		<b>(1,410,203,986)</b>	(791,706,555)
Cash payments to acquire investments		<b>(565,967,719)</b>	(920,724,170)
Other cash payments relating to investing activities		<b>(5,801,375,121)</b>	(4,404,499,517)
Sub-total of cash outflows used in investing activities		<b>(7,777,546,826)</b>	(6,116,930,242)
Net cash flow used in investing activities		<b>(4,706,933,580)</b>	(2,208,255,754)

## Statement of Cash Flows *(continued)*

For the year ended 31 December 2014

RMB

*(English Translation for Reference Only)*

	Note XIV	2014	2013
<b>III CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash receipts from borrowings		<b>3,915,062,550</b>	1,774,100,603
Cash receipts from gold leasing business		<b>5,955,044,164</b>	4,573,735,822
Cash receipts from issue of bonds		<b>2,500,000,000</b>	2,500,000,000
Other cash receipts relating to financing activities		—	598,380,980
Sub-total of cash inflows from financing activities		<b>12,370,106,714</b>	9,446,217,405
Cash repayments of borrowings		<b>(1,303,378,700)</b>	(1,503,171,761)
Cash repayments of gold leasing business		<b>(5,228,228,903)</b>	(4,920,632,790)
Cash payments for distribution of dividends or profits or settlement of interest expenses		<b>(2,072,774,704)</b>	(2,347,652,569)
Other cash payments relating to financing activities		<b>(239,297,199)</b>	(208,744,481)
Sub-total of cash outflows used in financing activities		<b>(8,843,679,506)</b>	(8,980,201,601)
Net cash flow from financing activities		<b>3,526,427,208</b>	466,015,804
<b>IV EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		<b>(2,133,313)</b>	(4,913,910)
<b>V NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	18	<b>436,763,140</b>	(516,594,073)
Add: Opening balance of cash and cash equivalents		<b>2,855,546,020</b>	3,372,140,093
<b>VI CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	18	<b>3,292,309,160</b>	2,855,546,020

# Notes to Financial Statements

For the year ended 31 December 2014

RMB

(English Translation for Reference Only)

## I. CORPORATE INFORMATION

Zijin Mining Group Company Limited ("the Company") is a joint stock liability limited company, registered in Fujian Province of the People's Republic of China (the "PRC") on 6 September 2000, under the "Company Law of the People's Republic of China" ("the Company Law"). The Company's business registration number is 350000100016737.

As approved by the People's Government of Fujian Province (Min Zheng Ti Gu (2000) No.22), Minxi Xinghang State-owned Assets Investment Company Limited ("Minxi Xinghang") on 17 August 2000, as the principal promoter, together with other promoters including Xinhua Industry Group Company Limited, Shanghang County Jinshan Trading Company Limited ("Shanghang County Jinshan Trading"), Fujian Xinhua Engineering Company Limited, Xiamen Hengxing Group Company Limited, Fujian Xinhua Department Store Company Limited, Fujian Gold Group Company Limited ("Fujian Gold Group") and Fujian Minxi Geological Team ("Minxi Geological Team") and others, transformed Fujian Province Minxi Zijin Mining Group Company Limited into Fujian Zijin Mining Industry Company Limited since 31 December 1999, as the base date of reorganisation. On 16 June 2004, the Company's name was changed from Fujian Zijin Mining Industry Company Limited to Zijin Mining Group Company Limited.

Pursuant to the Resolution at the First Extraordinary General Meeting on 28 June 2003 and the "In Relation To the Approval of Issuing Overseas Listed Foreign Shares by Fujian Zijin Mining Industry Company Limited" (Zheng Jian Guo He Zi [2003] No.41) granted by the China Securities Regulatory Committee on 18 November 2003, the Company publicly issued 400,544,000 overseas listed foreign shares with a nominal value of RMB0.1 per share at an issue price of Hong Kong dollar ("HKD") 3.3 (approximately RMB3.516) per share; Minxi Xinghang, Fujian Gold Group and Minxi Geological Team reduced and sold their 36,413,090 state-owned shares at an issue price of HKD3.3 (approximately RMB3.516) per share. As a result of the issue, the Company's registered capital was changed to RMB131,413,091. Pursuant to the Resolution at the Annual General Meeting dated 28 May 2004 for year 2003 on the transfer of capital reserve into issued capital, the Company transferred its capital reserve of RMB131,413,091 into 1,314,130,910 shares with a nominal value of RMB0.1 per share; the Company's registered capital was then changed to RMB262,826,182. Pursuant to the Resolution at the Annual General Meeting dated 31 May 2005 for year 2004 on the transfer of capital reserve into issued capital, the Company transferred capital reserve of RMB262,826,182 into 2,628,261,820 shares with a nominal value of RMB0.1 per share; the Company's registered capital was then changed to RMB525,652,364. Pursuant to the Resolution at the Annual General Meeting for year 2005, dated 18 May 2006, on the transfer of capital reserve into issued capital, the Company transferred capital reserve of RMB525,652,364 into 5,256,523,640 shares with a nominal value of RMB0.1 per share (i.e., every 10 existing ordinary shares for 10 newly issued ordinary shares as a bonus issue based on the 5,256,523,640 issued shares as at the end of 2005). Pursuant to the Resolution at the Annual General Meeting for year 2006, dated 30 April 2007, on the transfer of capital reserve into issued capital, the Company transferred capital reserve of RMB262,826,182 into 2,628,261,820 shares with a nominal value of RMB0.1 per share (i.e., every 10 existing ordinary shares for 2.5 newly issued ordinary shares as a bonus issue based on the 10,513,047,280 issued shares as at the end of 2006). As such, the Company's registered capital was changed to RMB1,314,130,910. On 25 April 2008, as approved by the China Securities Regulatory Committee ([2008] No.417) and the Shanghai Stock Exchange (Shang Zheng Shang Zi [2008] No. 29) respectively, the Company issued 1.4 billion ordinary shares with a nominal value of RMB0.1 per share at an issue price of RMB7.13 per share and the shares of the Company were listed on the Shanghai Stock Exchange ("IPO A shares"). As such, the Company's registered capital was changed to RMB1,454,130,910.



# Notes to Financial Statements *(continued)*

For the year ended 31 December 2014

RMB  
*(English Translation for Reference Only)*

## I. CORPORATE INFORMATION *(continued)*

The 1,050,000,000 IPO A shares issued through the internet became publicly floating on the Shanghai Stock Exchange on 25 April 2008. The 350,000,000 IPO A shares issued through other ways became publicly floating on the Shanghai Stock Exchange on 25 July 2008. Except for 4,210,902,100 shares held by Minxi Xinghang with a lockup period of 36 months, the aggregate of 4,924,966,980 shares held by other holders of domestic shares had a lockup period of 12 months. From the date when the IPO A shares were listed to 27 April 2009, these restricted shares floated publicly, representing a total proportion of 33.87% of issued capital. Up to 31 December 2014, all the Company's issued shares are publicly floating.

Pursuant to the Resolution at the Annual General Meeting for Year 2010 on the transfer of capital reserve into issued capital dated 30 May 2011, the Company transferred capital reserve of RMB727,065,455 into 7,270,654,550 shares with a nominal value of RMB0.1 per share, i.e., 5 new shares for every 10 existing shares based on the total number of issued shares of 14,541,309,100.

On 28 May 2013, the Company held the 2012 Annual General Meeting, the first A Shareholders' class meeting in 2013 and the first H Shareholders' class meeting in 2013. A resolution in relation to the proposal of granting a general mandate to the board of directors of the Company to repurchase H shares was approved. The Company carried out repurchases of H shares on 21 August 2013, 13 November 2013, 4 December 2013, 10 December 2013, 16 December 2013, 18 December 2013 and 23 December 2013, respectively. As at 31 December 2013, the aggregate number of repurchased H shares reached 111,806,000. Details are disclosed in Note V 36.

On 28 May 2014, the Company held the 2013 Annual General Meeting, the first A Shareholders' class meeting in 2014 and the first H Shareholders' class meeting in 2014. A resolution in relation to the proposal of granting a general mandate to the board of directors of the Company to repurchase H shares was approved. The Company carried out repurchases of H shares on 3 January 2014, 10 January 2014, 7 February 2014, 15 September 2014, 18 September 2014, 19 September 2014, 22 September 2014, 28 October 2014, 6 November 2014, 7 November 2014, 18 November 2014, respectively. As at 31 December 2014, the aggregate number of repurchased H shares reached 127,344,000. Details are disclosed in Note V 36.

The Company's scope of business includes: exploration of mineral resources; mining and processing of gold mines; refinery of gold; mining and processing of copper mines; refinery of copper; information system integration services; information technology consultation service; sales of jewellery and ornaments, arts and crafts, mineral products, machinery and equipment and chemical products (excluding hazardous chemical items and precursor chemicals); hydropower; investment in mining business, hotel business, construction; and foreign trade; general cargo road transport activities; dangerous cargo road transport activities. Gold and copper open-pit mining; research and development of mine engineering and technology, mining machinery and metallurgical equipment; manufacture of mining machinery and metallurgical equipment (branch operations only). (The items are required to be approved by authority before conducting the business activities.)

The largest shareholder of the Group is Minxi Xinghang, which is incorporated in the PRC.

The financial statements were approved by the Company's board of directors on 20 March 2015. In compliance with the Articles of the Association of the Company, the financial statements will be proposed for approval at the forthcoming Shareholders' General Meeting.

The scope of consolidation in the consolidated financial statements is determined on the basis of control. The changes in the current year are disclosed in Note VI.

## II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

### 1. Basis of preparation

The financial statements were prepared in accordance with the Basic Standard and the Specific Standards of the Accounting Standards for Business Enterprises (“ASBE”) issued by the Ministry of Finance, and Application Guidance for ASBE, interpretations and other relevant regulations issued and revised thereafter (hereafter referred to as “CAS”).

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

Except for certain financial instruments, the financial statements have been prepared using historical cost as the principle of measurement in financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with the relevant requirements.

As at 31 December 2014, the Group recorded current assets of RMB19,618,226,590 and current liabilities of RMB 23,504,058,573. The balance of the current assets was less than that of the current liabilities. 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 in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Group was approved by the National Association of Financial Market Institutional Investors to register mid-term bonds with a term of 5 years in previous year. The rest mid-term bonds which amounted to RMB3.3 billion will be issued before 22 September 2015 depending on the financial condition. Meanwhile, the Group has sufficient bank line of credit. The directors of the Company believe that the Group has adequate resources to continue operation and fulfill the due financial responsibility in the foreseeable future. The directors of the Company therefore are of the opinion that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

### 2. Early adoption of certain revised/new accounting standards

From January to March 2014, the Ministry of Finance promulgated “Accounting Standard for Business Enterprises No.39 – Fair Value Measurement”, “Accounting Standard for Business Enterprises No.40 – Joint Arrangements” and “Accounting Standard for Business Enterprises No.41 – Disclosure of Interests in Other Entities”, and revised “Accounting Standard for Business Enterprises No.2 – Long-term Equity Investments”, “Accounting Standard for Business Enterprises No.9 – Employee Benefits”, “Accounting Standard for Business Enterprises No.30 – Presentation of Financial Statements”, and “Accounting Standard for Business Enterprises No.33 – Consolidated Financial Statements”. The above seven accounting standards became effective on 1 July 2014 and early adoption was encouraged for overseas listed entities. In June 2014, the Ministry of Finance revised “Accounting Standard for Business Enterprises No.37 – Presentation of Financial Instruments” and the standard should be implemented in the financial reports issued in the year of 2014 and thereafter. As an A and H shares listed company, the Company has early adopted the above five accounting standards except “Accounting Standard for Business Enterprises No.41 – Disclosure of Interests in Other Entities”, “Accounting Standard for Business Enterprises No.2 – Long-term Equity Investments”, and “Accounting Standard for Business Enterprises No.37 – Presentation of Financial Instruments”, and applied relevant transitional provision in the preparation of the 2013 consolidated financial statements, the material impact was disclosed in 2013 financial statements.

# Notes to Financial Statements *(continued)*

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## II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

### 2. Early adoption of certain revised/new accounting standards *(continued)*

In respect of these financial statements, the Company had applied relevant transitional provision for the above early adoption which triggered the changes in the Company's accounting policies and made corresponding retrospective adjustments on the comparative figures as necessary.

Pursuant to the newly amended "Accounting Standards for Business Enterprises No.2 – Long-term Equity Investments", the Company adjusted the long-term equity investments previously recognised in "investment in entities not under joint control or significant influence and do not have a quoted market price in an active market and whose fair value cannot be reliably measured" to "available-for-sale investments", which correspondingly adjusted the comparative figures of "long-term equity investments" and "available-for-sale investments" at the beginning of the year.

Pursuant to the newly amended "Accounting Standards for Business Enterprises No.30 – Presentation of Financial Statements", the comprehensive income is grouped into two categories: (1) other comprehensive income not to be reclassified to profit or loss in subsequent periods; (2) other comprehensive income to be reclassified to profit or loss upon satisfactions of specified conditions in subsequent periods. These financial statements are already presented in accordance with the standard, and corresponding adjustments to the presentation of financial statements of comparable years had been made.

Pursuant to the newly amended "Accounting Standards for Business Enterprises No.30 – Presentation of Financial Statements", asset-related government grants are recognised as deferred income. These financial statements are already presented in accordance with the standard, and corresponding adjustments to the presentation of financial statements of comparable years had been made.

The above amendments have been applied retrospectively, and the material impact on the financial statements for the year ended 31 December 2014 and 2013 is as below. Other than this, no other retrospective adjustment is required.

#### The Group

31 December 2014	Amounts adjusted for accounting standards adopted		
	Before adoption		After adoption
Long-term equity investments	5,755,596,959	(409,246,752)	5,346,350,207
Available-for-sale investments	86,038,950	409,246,752	495,285,702
Capital reserve	7,263,929,290	66,022,699	7,329,951,989
Other comprehensive income	(381,318,792)	(66,022,699)	(447,341,491)
Other non-current liabilities	538,727,221	(538,727,221)	—
Deferred income	—	538,727,221	538,727,221

# Notes to Financial Statements *(continued)*

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## II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

### 2. Early adoption of certain revised/new accounting standards *(continued)*

#### The Group *(continued)*

		Amounts adjusted for accounting standards adopted	After adoption
31 December 2013	Before adoption		
Long-term equity investments	5,034,150,419	(354,992,483)	4,679,157,936
Available-for-sale investments	343,624,001	354,992,483	698,616,484
Capital reserve	7,424,785,017	77,564,125	7,502,349,142
Other comprehensive income	(382,214,854)	(77,564,125)	(459,778,979)
Other non-current liabilities	549,332,668	(549,332,668)	—
Deferred income	—	549,332,668	549,332,668

#### The Company

	Before adoption	Amounts adjusted for accounting standards adopted	After adoption
<b>31 December 2014</b>			
Long-term equity investments	<b>12,806,823,264</b>	<b>(214,750,000)</b>	<b>12,592,073,264</b>
Available-for-sale investments	—	<b>214,750,000</b>	<b>214,750,000</b>
Capital reserve	<b>8,591,958,808</b>	—	<b>8,591,958,808</b>
Other comprehensive income	—	—	—
Other non-current liabilities	<b>506,601,761</b>	<b>(365,481,817)</b>	<b>141,119,944</b>
Deferred income	—	<b>365,481,817</b>	<b>365,481,817</b>

		Amounts adjusted for accounting standards adopted	After adoption
31 December 2013	Before adoption		
Long-term equity investments	11,402,322,693	(164,750,000)	11,237,572,693
Available-for-sale investments	192,648,928	164,750,000	357,398,928
Capital reserve	8,747,266,358	17,089,603	8,764,355,961
Other comprehensive income	—	(17,089,603)	(17,089,603)
Other non-current liabilities	522,095,056	(369,310,842)	152,784,214
Deferred income	—	369,310,842	369,310,842

# Notes to Financial Statements *(continued)*

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

### 1. Statement of compliance with CAS

The financial statements have been prepared in accordance with CAS, and presented truly and completely the Company's and consolidated financial position as at 31 December 2014, and the Company's and consolidated financial performance and cash flows for the year then ended.

### 2. Accounting period

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

### 3. Functional currency

The Company adopts Renminbi ("RMB") to prepare its financial statements. Except for specially noted instructions, the financial statements are denominated in RMB.

The subsidiaries of the Group, joint ventures and associates determine their own functional currencies according to their primary economic environment in which they operate. The Group adopts RMB to prepare its financial statements.

### 4. Business combination

A business combination refers to a transaction or event bringing together two or more separate enterprises into one reporting entity. Business combinations are classified into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

#### **Business combinations involving enterprises under common control**

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. In a business combination under common control, the party which obtains control of other combining enterprise(s) on the combination date is the merging party, the other combining enterprise(s) is (are) the merged party (parties). The combination date is the date on which the merging party actually obtains control of the merged party (parties).

Assets and liabilities (including goodwill arising on that the ultimate controlling party of the acquisition of the merged party) obtained shall be measured at their respective carrying amounts as recorded by the ultimate controlling party at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination/the aggregate face value of shares issued as consideration is adjusted as share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

#### **Business combinations not involving enterprises under common control**

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination. In a business combination not involving common control, the party which obtains control of other combining enterprise(s) on the combination date is the acquirer, the other combining enterprise(s) is (are) the acquiree(s). The combination date is the date on which the acquirer actually obtains control of the acquiree(s).

The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination not involving enterprises under common control, that meet the recognition criteria shall be measured at fair value at the acquisition date.



## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

### 4. Business combination *(continued)*

#### *Business combinations not involving enterprises under common control (continued)*

Where the fair value of combination consideration (or the fair value of issued equity securities) and the fair value of the equity interest held in the acquiree prior to the acquisition date exceed the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill, which is subsequently measured at cost less accumulated impairment losses. Where the fair value of combination consideration (or the fair value of issued equity securities) and the fair value of the equity interest held in the acquiree prior to the acquisition date are less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the fair value of combination consideration (or the fair value of issued equity securities) and the fair value of the equity interest held in the acquiree prior to the acquisition date. If after that reassessment, the fair value of combination consideration (or the fair value of issued equity securities) and the fair value of the equity interest held in the acquiree prior to the acquisition date are still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognises the remaining difference immediately in profit or loss for the current period.

### 5. Consolidation of financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control. The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2014. A subsidiary is an entity (including an entity, a separable part of an investee, and the structural entities controlled by the Company, etc.) which is under the control of the Company.

The accounting policies and accounting periods of the Company and subsidiaries should be consistent in preparation of the consolidated financial statements. Where the accounting policies or accounting periods adopted by subsidiaries are probably inconsistent with those of the Company, appropriate adjustments are made to the subsidiaries' financial statements in accordance with the accounting policies or accounting periods of the Company. All intra-group assets, liabilities, equity, income, expenses and cash flows are eliminated on consolidation.

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

Where a subsidiary is acquired through a business combination involving enterprises not under common control, the operating results and cash flows of the acquiree shall be included in the consolidated financial statements of the acquirer from the acquisition date till the date that such control ceases. In preparation of the consolidated financial statements, the financial statements of an acquired subsidiary shall be adjusted based on the fair value of the subsidiary's identifiable assets, liabilities or contingent liabilities determined at the acquisition date.

Where a subsidiary is acquired through a business combination involving enterprises under common control, the acquiree's operating results and cash flows shall be included in the consolidated financial statements as if the acquiree was under the control of the Group at the very beginning and the comparative amounts of the consolidated financial statements of the Group shall be restated accordingly.

If a change in any facts and circumstances gives rise to one or more changes in controlling factors, the Group will reassess whether it controls the investee or not.

Change in non-controlling interests that does not result in the loss of control over the subsidiary is accounted for as an equity transaction.

# Notes to Financial Statements *(continued)*

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

### 6. Cash and cash equivalents

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

### 7. Foreign currency transactions and translation of financial statements denominated in foreign currencies

The Group's foreign currency transactions are recorded in the respective functional currency on initial recognition.

A foreign currency transaction is recorded in the functional currency on initial recognition, by applying the prevailing exchange rate on the date of transaction or the average exchange rate through the transaction period. At the balance sheet date, foreign currency monetary items are translated into the functional currency using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date, except that exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalisation are capitalised as part of the cost of the qualifying asset during the capitalisation period, are recognised in profit or loss for the period. Foreign currency non-monetary items measured at historical cost are re-translated at the spot exchange rate on the date of transaction but not change its functional currency. Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rate on the date the fair value is determined. Differences between the re-translated functional currency amount and the original functional currency amount are recognised in profit or loss or as other comprehensive income.

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into functional currency using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; shareholders' equity items except for retained earnings are translated at the spot exchange rates at the dates on which such items arose; all items in the statement of profit or loss are translated at the spot exchange rates on the dates of the transactions or average exchange rates during the transaction period. The exchange differences arising on translation of financial statements denominated in foreign currencies are recognised as other comprehensive income. For disposals of equity interests in foreign operations, the proportionate share of the accumulated exchange differences arising on translation of financial statements of foreign operations is reclassified to profit or loss. For partial disposals, the reclassification is determined on proportion of disposal.

Cash flows arising from a transaction in foreign currency and the cash flows of a foreign subsidiary are translated at the average exchange rate of the transaction period of cash flows. The effect of exchange rate changes on cash and cash equivalents is regarded as a reconciling item and presented separately in the statement of cash flows.

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES** *(continued)***8. Financial instruments**

Financial instruments are the contracts that formed the financial assets of one entity, and at the same time formed the financial liabilities or equity instruments of other entities.

**Recognition and derecognition of financial instruments**

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

The Group derecognises a financial asset, part of a financial asset or group of financial assets, i.e. offset from the accounts and balance sheet, if one of the following conditions is satisfied:

- (1) The contractual rights to the cash flows from the financial asset expire; or
- (2) the contractual rights to the cash flows from the financial asset is transferred out, or obligated to transfer out all generated cash flows on receipt; and (a) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (b) the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but has not retained control of the financial asset.

The Group derecognises a financial liability only when the underlying present obligation is settled, discharged or expired. An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms, or to modify the original financial liability's terms substantially, is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the new financial liability should be recognised in profit or loss for the current period.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace. Trade date is the date that the Group commits to purchase or sell the financial asset.

**Classification and measurement of financial assets**

On initial recognition, the Group's financial assets are classified into one of the categories including: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale investments. Financial assets are initially measured at fair value. For financial assets at fair value through profit or loss, transaction costs are immediately recognised in profit or loss. For other financial assets, transaction costs are included in their initial recognised amounts.

Subsequent measurement of financial instruments is determined on the classification.

*Financial assets at fair value through profit or loss ("FVTPL")*

The Group's financial assets at FVTPL include financial assets held for trading and financial assets designated upon initial recognition as at FVTPL. A financial asset is classified as held for trading if one of the following conditions is satisfied: (1) it has been acquired principally for the purpose of selling in the near term; or (2) it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; or (3) it is a derivative that is not designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured. The above financial instruments are subsequently measured at fair value, realised and unrealised profit or loss is recognised when incurred. Dividends or interest income from FVTPL is recognised as profit or loss.

An entity shall not reclassify any financial assets out of the fair value through profit or loss category if upon initial recognition it was designated by the entity as at fair value through profit or loss; and an entity shall not reclassify any financial assets into the fair value through profit or loss category after initial recognition.

# Notes to Financial Statements *(continued)*

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

### 8. Financial instruments *(continued)*

#### **Classification and measurement of financial assets** *(continued)*

##### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method. Gains or losses arising from derecognition, impairment or amortisation are recognised in profit or loss.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method. Gains or losses arising from impairment or amortisation are recognised in profit or loss.

##### *Available-for-sale investments*

Available-for-sale investments include non-derivative financial assets that are designated on initial recognition as available for sale, and financial assets that are not classified as financial assets at fair value through profit or loss, loans and receivables or held to maturity investments. Available-for-sale investments are subsequently measured at fair value. The discounted or premium amount of available-for-sale investments is amortised using the effective interest method and the amortisation is recognised as an interest income or expense. Except for impairment losses and exchange differences arising from foreign currency monetary financial assets are recognised as profit or loss, available-for-sale investments are subsequently measured at fair value, and gains or losses arising from changes in the fair value are recognised as other comprehensive income. Accumulated gains or losses arising from changes in the fair value are classified as profit or loss on derecognition or when impairment arises. Dividends and interest earned from available-for-sale investments are recognised in profit or loss.

An equity investment instrument without a quoted price in an active market, whose fair value cannot be reliably measured, is recognised and subsequently measured at cost.

#### **Classification and measurement of financial liabilities**

On initial recognition, financial liabilities of the Group are classified into financial liabilities at fair value through profit or loss and other financial liabilities. For financial liabilities at fair value through profit or loss, transaction costs are immediately recognised in profit or loss. For other financial liabilities, transaction costs are included at their initial recognised amounts.

Subsequent measurement of financial liabilities is determined on the classification.

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES** *(continued)***8. Financial instruments** *(continued)***Classification and measurement of financial liabilities** *(continued)**Financial liabilities at FVTPL*

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

An entity shall not reclassify any financial liabilities out of the FVTPL category if upon initial recognition they were designated by the entity as at FVTPL; and an entity shall not reclassify any financial liabilities into the FVTPL category after initial recognition.

*Other financial liabilities*

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

**Financial guarantee contracts**

A financial guarantee contract is a contract by which the guarantor and the lender agree that the guarantor would settle the debts or bear obligations in accordance with terms of the contract in case the borrower fails to settle the debts. Financial guarantee contracts are measured at fair value on initial recognition. Subsequent to initial recognition, financial guarantee contracts that are not designated as financial liabilities at fair value through profit or loss are measured at the higher of: (a) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (b) the amount initially recognised less cumulative amortisation recognised in accordance with the principles of revenue recognition.

**Derivatives**

The Group uses derivative financial instruments, such as forward commodity purchase contracts for hedging price fluctuation risk. Derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently measured at fair value. Derivatives are recognised as assets when the fair value is positive and as liabilities when the fair value is negative. For investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivative financial assets that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost.

Except for the effective cash flow hedging which is recorded in other comprehensive income, and later reclassified to profit or loss when the hedged item affects profit or loss, changes in fair value on derivatives are recognised as profit or loss.



# Notes to Financial Statements *(continued)*

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

### 8. Financial instruments *(continued)*

#### **Impairment of financial assets**

The Group assesses the carrying amount of financial assets at each balance sheet date. If there is objective evidence that a financial asset is impaired, the Group determines the amount of any impairment loss. Objective evidence that a financial asset is impaired is an evidence that, arising from one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the financial asset, which can be reliably measured, have been affected. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, a debtor or debtors breach(es) contract (i.e. default or delinquency in interest or principal payments, etc.), the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows.

#### *Financial assets measured at amortised cost*

If a financial asset measured at amortised cost is impaired, the carrying amount of the financial asset is reduced through the use of an allowance account to the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The reduced amount is recognised in profit or loss. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (the effective interest rate upon initially recognition), and the value of the relevant guaranty should also be taken into account. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

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

If, subsequent to the recognition of an impairment loss on financial assets carried at amortised cost, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognised, the previously recognised impairment loss is reversed and recognised in profit or loss. However, the reversal is made to the extent that the carrying amount of the financial asset at the date the impairment reversed does not exceed what the amortised cost would have been had when the impairment not been recognised.

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

### 8. Financial instruments *(continued)*

#### **Impairment of financial assets** *(continued)*

##### *Available-for-sale investments*

If there is objective evidence that an available-for-sale investment is impaired, the cumulative loss arising from decline in fair value previously recognised directly in other comprehensive income is reclassified from other comprehensive income to profit or loss. The amount of the cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment losses on that financial asset previously recognised in profit or loss.

Objective evidence that an available-for-sale equity instrument investment is impaired includes the significant or prolonged decline in the fair value below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available-for-sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets measured at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

If, subsequent to the recognition of an impairment loss on an available-for-sale debt instrument, there is objective evidence of a recovery in value of the financial asset, the previously recognised impairment loss is reversed and recognised in profit or loss.

##### *Financial assets measured at cost*

If an impairment loss has been incurred on the financial assets measured at cost, the carrying amount of the financial asset is reduced to the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of reduction is recognised as an impairment loss in profit or loss. The impairment loss on such financial asset is not reversed once it is recognised.

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

### 8. Financial instruments *(continued)*

#### **Transfer of financial assets**

The Group derecognises a financial asset when it has been transferred substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; The Group does not derecognise those financial assets transferred while retains all the risks and rewards of the ownership.

The Group neither transfers nor retains substantially all the risks and rewards of ownership of financial assets and related accounting treatments are as follows: the Group derecognises financial assets when it retains no control on them, and associated assets and liabilities are recognised at the same time. If the Group retains control of the financial asset, it recognises the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### 9. Receivables

#### **(1) Receivables that are individually significant and for which bad debt provision has been assessed individually**

A receivable that exceeds RMB10,000,000 is deemed as an individually significant receivable by the Group. If there is objective evidence that an impairment loss has been incurred on the receivable, the carrying amount of the receivable is reduced to the present value of estimated future cash flows. The amount of reduction is recognised as an impairment loss in profit or loss. Objective evidence that a receivable impaired is that, arising from one or more events that occurred subsequent to the initial recognition of the asset, the estimated future cash flows of the receivable, which can be reliably measured, have been affected.

#### **(2) Receivables that are not individually significant and for which bad debt provision has been assessed individually**

For receivables that are not significant individually, if an impairment loss has been incurred, the carrying amount of the receivable is reduced to the present value of estimated future cash flows. The amount of reduction is recognised as an impairment loss in profit or loss.

## Notes to Financial Statements *(continued)*

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### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 10. Inventories

The Group's inventories mainly include raw materials, work in progress, finished goods, development costs of properties and consumable materials, etc.

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion, cost of land, cost of construction and other expenditures incurred in bringing the inventories to their present location and condition. The actual cost of inventories upon delivery is calculated using the moving weighted average method and weighted average method. Consumable materials included low value consumption and packing materials, which are recorded at cost in full upon delivery. Some spare parts and materials directly related to production are amortised periodically (for example, steel ball is depreciated using the units-of-production method, for some spare parts with a great value such as anode plate, lining board, are amortised over their actual useful lives). For property development business, all relevant costs of development will be allocated by apportionment of saleable areas at the completion stage. Cost for unsold area is recorded as development properties.

The perpetual inventory system is maintained for the stock system.

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. If the net realisable value is below the cost of inventories, a provision for decline in value of inventories is made and recorded in profit or loss. After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realisable value of inventories is higher than their cost, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. For raw materials, provision for decline in value is made based on the categories of inventories. For finished goods, provision for decline in value is made on an item-by-item basis.

# Notes to Financial Statements *(continued)*

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

### 11. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries, joint ventures and associates.

The long-term equity investment is initially measured at its cost. For a long-term equity investment involving enterprises under common control, the investment cost of the long-term equity investment is the attributable share of the carrying amount of the owners' equity of the acquiree in the ultimate controlling party's consolidated financial statements at the date of combination. The difference between initial investment cost and the carrying amount of the consideration is adjusted against capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings. For the other comprehensive income which is already held before the acquisition date, on the disposal the same accounting treatment of which the investee directly disposes the related assets and liabilities should be used, changes in owners' equity of the investee other than net profit or loss, other comprehensive income and profits distribution are recognised in profit or loss when disposed the investments. Among which, those remains as long-term equity investments will be charged into the statement of profit or loss proportionately, those transferred as financial instruments will be fully charged to the statement of profit or loss. For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of a long-term equity investment is the cost of acquisition. For a long-term equity investment acquired through business combination not involving enterprises under common control and achieved in stages, the investment cost of the long-term equity investment is the aggregate of the carrying amount of the equity interest held in the acquiree prior to the acquisition date and the cost of the additional investment at the acquisition date. The investment cost is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. For the other comprehensive income generated from a long-term equity investment under equity method which is already held before the acquisition date, on the disposal of the investment, the same accounting treatment of which the investee directly disposes the related assets and liabilities should be used, changes in owners' equity of the investee other than net profit or loss, other comprehensive income and profits distribution are recognised in profit or loss when disposed the investments. Among which, those remains as long-term equity investments will be charged into the statement of profit or loss proportionately, those transferred as financial instruments will be fully charged to the statement of profit or loss. For long-term equity investments which is a financial instruments and already held before the acquisition date, the accumulated fair value changes previously recorded as other comprehensive income should be transferred in the profit or loss for the period under cost method. The costs of the investments acquired other than business combination are recognised as follows: a) acquired by cash, the investment is initially recognised at the actual consideration paid plus the expenses, taxes and other required expenditures directly attributable to the acquisition; b) acquired through issuing equity securities, the investment is initially recognised at the fair value of issuing equity instruments; and c) acquired through exchange of non-monetary assets, the cost of investment is initially recognised in accordance with the requirements of "Accounting Standards for Business Enterprises No. 7 - Exchange of Non-monetary Assets".



## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

### 11. Long-term equity investments *(continued)*

For long-term equity investments over which the Company has control are accounted for using the cost method in the Company's separate financial statements. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Under the cost method, a long-term equity investment is measured at initial investment cost. If there are additional investments or disinvestments, the cost of the long-term equity investment shall be adjusted. Investment income is recognised in the period in accordance with the attributable share of cash dividends or profits distribution declared by the investee.

For long-term equity investments over which the Group has joint control or significant influence, the Group accounts for such long-term equity investments using the equity method. Joint control is the contractually agreed sharing of control over an arrangement, which exists only when the decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

Under the equity method, the Group recognises its share of the net profit or loss and other comprehensive income of the investee for the period as investment income or loss and other comprehensive income for the period, respectively. The Group recognises its share of the investee's net profit or loss basing on the fair value of the investee's identifiable assets and others at the acquisition date after making appropriate adjustments to conform with the Group's accounting policies and accounting period. Unrealised profits or losses resulting from the Group's transactions with its associates and joint ventures are recognised as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated. However, unrealised losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated. The Group shall reduce the carrying amount of the long-term equity investments for shares of dividends declared of the investee. However, the share of net loss is only recognised to the extent that the carrying value of the investment is reduced to zero, except to the extent that the Group has incurred obligations to assume additional losses. Changes in owners' equity of the investee other than net profit or loss, other comprehensive income and profits distribution are correspondingly adjusted to the carrying amount of the long-term equity investments, and recognised in the shareholders' equity.

# Notes to Financial Statements *(continued)*

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

### 11. Long-term equity investments *(continued)*

On disposal of a long-term equity investment, the difference between the proceed actually received and the carrying amount is recognised in profit or loss for the period. For the other comprehensive income generated from a long-term equity investment under equity method, if the equity method is not applied any more, the same accounting treatment of which the investee directly disposes the related assets and liabilities should be used, changes in owners' equity of the investee other than net profit or loss, other comprehensive income and profits distribution are recognised in profit or loss for the period. If the equity method is still applied, the same accounting treatment of which the investee directly disposes the related assets and liabilities should be used and recognised in profit or loss for the period in proportion, changes in owners' equity of the investee other than net profit or loss, other comprehensive income and profits distribution are recognised in profit or loss for the period in proportion.

### 12. Investment properties

An investment property is a property held to earn rentals or for capital appreciation or both. It includes a land use right that is leased out, a land use right held for transfer upon capital appreciation or a leased-out building.

An investment property is measured initially at cost. Subsequent expenditures incurred for such investment properties are included in the cost of the investment properties when it is probable that economic benefits associated with an investment property will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

The Group uses the cost model for subsequent measurement of investment properties, and adopts a depreciation policy for the investment properties which are consistent with that for buildings.

### 13. Fixed assets

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

Fixed assets are initially measured at cost and the effect of any expected costs of abandoning the asset at the end of its use is considered. The cost of a fixed asset is the aggregate cost of purchase price, related taxes and any directly attributable expenditure for bringing the asset to its working condition for its intended use. When the Company was incorporated, the used fixed assets invested by shareholders were recorded based on valuation using the replacement cost approach.

# Notes to Financial Statements *(continued)*

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

### 13. Fixed assets *(continued)*

A mining asset (included in Note V 12 Fixed assets) is depreciated over its designated estimated production using the units-of-production method or the depreciation is recognised according to the accrued amount of work safety fund and production maintenance fund. Other fixed assets are depreciated over their useful lives using the straight-line method. The annual depreciation rate which is decided with the useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciation period (years)	Residual value rate	Annual depreciation rate
Buildings	8-50 years	0%-5%	1.90-12.50%
Power generating and transmission equipment	8-30 years	0%-5%	3.17-12.50%
Plant, machinery and equipment	5-15 years	0%-5%	6.33-20.00%
Motor vehicles	4-10 years	0%-5%	9.50-25.00%
Furniture, fixtures and others	3-10 years	0%-5%	9.50-33.33%

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

### 14. Construction in progress

Construction in progress is measured at its actual cost. The actual cost includes various construction expenditures during the construction period, borrowing costs capitalised before it is ready for intended use and other relevant costs.

Construction in progress is transferred to a fixed asset when it is ready for its intended use.

### 15. Borrowing costs

Borrowing costs refer to interest and other related costs incurred by the Group in connection with the borrowing of funds. Borrowing costs include interest, amortisation of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised when expenditures for such assets fulfill the conditions of capitalisation, whereas other borrowing costs are recorded in profit or loss. Qualifying assets are assets (fixed assets, investment properties and inventories, etc.) that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

The capitalisation of borrowing costs can commence only when all of the following conditions are satisfied:

- (1) Expenditures for the asset are being incurred;
- (2) Borrowing costs are being incurred; and,
- (3) Activities relating to the acquisition, construction or production of the asset that are necessary to bring the asset for its intended use or sale has commenced.

Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. The actual amounts of any borrowing costs subsequently incurred shall be recognised in profit or loss in the period in which they are incurred.

# Notes to Financial Statements *(continued)*

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

### 15. Borrowing costs *(continued)*

During the capitalisation period, the amount of interest to be capitalised for each accounting period shall be determined as follows:

- (1) Where funds are borrowed under a specific-purpose borrowing for the acquisition, the amount of interest to be capitalised shall be the actual interest expense less any bank interest earned from depositing the borrowed funds or any investment income on the temporary investment of these funds; or
- (2) Where funds are borrowed under general-purpose borrowings and are utilised for the acquisition, the Company shall determine the amount of interest to be capitalised on such borrowings by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings.

Capitalisation of borrowing costs shall be suspended during periods in which the acquisition, construction or production of qualifying assets is interrupted abnormally for a continuous period of more than three months except those become ready for their intended use or sale. The borrowing costs incurred during these periods shall be recognised in profit or loss for the current period until the acquisition, construction or production is resumed.

### 16. Intangible assets

Intangible assets are recognised and measured on initial recognition at cost only if the related economic benefits will probably flow into the Group and their costs can be measured reliably. However, the intangible assets acquired through business combination should be measured at fair value separately as intangible assets when their fair values can be reliably measured.

The useful life of the intangible assets shall be assessed according to the estimated beneficial period expected to generate economic benefits. An intangible asset shall be regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

A mining right (included in Note V 15 Intangible assets) is amortised using the units-of-production method. An exploration right will not be amortised until it transfers to mining right which is amortised using the units-of-production method. Other intangible assets are amortised over their useful lives using the straight-line method. The estimated useful life of each category of intangible assets are as follows:

Categories	Useful lives
Land use rights	Beneficial lives (30-50 years)
Exclusive fishing rights	Beneficial lives (50 years)
Membership of Shanghai Gold Exchange	Beneficial lives (10 years)

Land use rights obtained by the Group are accounted for as intangible assets. As for the construction of plants, factories and other buildings of the Group, the related land use rights, plants, factories and other buildings were accounted for as intangible assets and fixed assets, respectively. Purchase costs of land use rights and buildings were recognised as intangible assets and fixed assets separately. Purchase costs were recognised as cost of fixed assets, only if the separation was impracticable.

Intangible assets with a finite useful life are amortised over their estimated useful lives using the straight-line method or other reasonable systematic methods. For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at least once at each financial year-end, and makes adjustments when necessary.

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

### 16. Intangible assets *(continued)*

Intangible assets with indefinite useful lives are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired. Intangible assets with indefinite useful lives may not be amortised. The Group reviews the service life of intangible assets with indefinite useful lives at the end of the financial year. Where there is evidence to prove that the intangible assets have a finite service life, the intangible assets can be amortised according to the accounting standards for intangible assets with a finite useful life.

Exploration and development expenditure is recognised at cost less impairment. Exploration and development expenditure includes costs of geological prospecting for technical consultancy and commercial development of feasibility study which incurred on the surroundings, outer ring and deep areas of the existing mineral properties, costs of drilling and other associated activities. Such expenditures may be capitalised when the mineral properties are proved to be commercially available and recognise in intangible assets which will be amortised under the units of production method. If any construction was abandoned in the development phase or belongs to the productive exploration, all costs shall be written off and recognised in profit or loss.

### 17. Long-term deferred assets

Long-term deferred assets represent expenses incurred that should be borne and amortised over the current and subsequent periods (together of more than one year). Long-term deferred assets mainly include land compensation cost and others. Land compensation costs are amortised over the estimated beneficial useful lives of 5 to 50 years, whereas other long-term deferred assets are amortised over estimated useful life.

### 18. Impairment of assets

Impairment of assets other than inventories, deferred tax assets and financial assets are recognised based on the following method:

The Group assesses at each balance sheet date whether there is any indication that the assets may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Goodwill arising in a business combination and an intangible asset with an indefinite useful life shall be assessed for impairment annually, irrespective of whether there is any indication incurred. Impairment tests of intangible assets should be performed at each year end, even if they are not ready for use.

The recoverable amount of an asset is the higher of fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. The recoverable amount is estimated on an individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. Identification of an asset group shall be based on whether there are major cash inflows which are independent from other assets or asset groups.

If the recoverable amount of an asset or asset group is less than its carrying amount, the carrying amount shall be reduced to its recoverable amount. The reduction is recognised as an impairment loss and charged to profit or loss. A provision for impairment losses of the asset is recognised accordingly.



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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

### 18. Impairment of assets *(continued)*

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is so allocated represents those are expected to benefit from the synergies of the combination and is not larger than a reported segment by the Group.

In testing an asset group or a set of asset groups to which goodwill has been allocated for impairment, the Group shall first test the asset group or the set of asset groups excluding the amount of goodwill allocated for impairment. It shall determine and compare the recoverable amount with the related carrying amount and recognise any impairment loss. After that, the Group shall test the asset group or set of asset groups including the goodwill for impairment. The carrying amount is compared to its recoverable amount. If the carrying amount of the asset group or set of asset groups is lower than its recoverable amount, an impairment loss on goodwill shall be recognised. Firstly, the impairment loss shall be allocated to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups. Then, the impairment loss shall be allocated to the other assets of the asset group or set of asset groups on the basis of the carrying amount of each asset in the asset group or set of asset groups.

Once an impairment loss is recognised, it shall not be reversed in any subsequent period.

### 19. Employee benefits

Employee benefits are all types of benefits except share-based payment given by the Group in exchange for the services rendered by employees and termination of employment. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term benefits that are provided to the employees, their spouses, children, dependents, late employee's family members and other beneficiaries.

#### **Short-term employee benefits**

During an accounting period when employees render service to the entity, the amount of short-term employee benefits should be recognised as a liability, and be recognised in profit or loss for the period or in cost of related assets.

#### **Post-employment benefits (define contribution plans)**

The employees in the Group participate in social insurance scheme administrated by the local governments, and the related expenditures are recorded in cost of related assets or profit or loss in the period when they are incurred.

#### **Termination benefits**

The Group recognises a liability and charged to profit or loss for termination benefits at the earlier of the following dates: a) when the Group can no longer withdraw from the termination plan or the redundancy offer; and b) when the Group recognises costs or expense for a restructuring plan which involves the payment of termination benefits.

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

### 20. Contingent liabilities

Except for contingent consideration and contingent liabilities arising from business combinations not involving enterprises under common control, contingent liabilities are recognised when the Group has an obligation related to a contingency, which meets all of the following conditions:

- (i) It is a present obligation related to a contingency;
- (ii) it is probable that an outflow of economic benefits will be required to settle the obligation; and,
- (iii) the amount of the obligation can be measured reliably.

The amount recognised as a contingent liability is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. The carrying amount of a contingent liability is reviewed at the balance sheet date. Where there is objective evidence that the recognised amount does not reflect the best estimation of the contingency, the contingent liability would be adjusted according to the best estimated amount.

### 21. Revenue

Revenue is recognised when it is probable that the economic benefits will flow into the Group, the amount can be measured reliably and all of the following conditions are satisfied.

#### **Revenue from sale of goods**

Sales of goods are recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold and the relevant amounts of costs can be measured reliably. The amount of sale of goods is determined by the contract or agreed price received or receivable from the buyer, except that the received or receivable contract or agreed price is unfair. Transaction based on contracted deferred payment, which embedded a contract of financing, and the revenue should be measured by the fair value of the contracted price.

#### **Revenue from the rendering of services**

When the outcome of a transaction involving the rendering of services can be estimated reliably at the balance sheet date, revenue associated with the transaction shall be recognised using the proportion of completion method. Otherwise, revenue shall be recognised to the extent of costs incurred that are expected to be recoverable. The outcome of a transaction involving the rendering of services can be estimated reliably when all of the following conditions are satisfied: (i) the amount of revenue can be measured reliably; (ii) it is probable that the associated economic benefits will flow to the Company; (iii) the stage of completion of the transaction can be measured reliably and (iv) the costs incurred and to be incurred for the transaction can be measured reliably. The Group determines the stage of completion of a transaction by the proportion of services performed to date to the total services to be performed. The amount of service income is determined by the contracted or agreed consideration received or receivable, except that the received or receivable contract or agreed price is unfair.

When the Group enters into a contract which contains sale of goods and rendering of services, if the portions of revenue in relation to the sale of goods and rendering of services can be measured separately and individually, the revenue for sale of goods and rendering of services should be accounted for separately. Otherwise, the entire revenue should be accounted for as sale of goods.

#### **Interest income**

Interest income is recognised on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

### 21. Revenue *(continued)*

#### **Rental income**

Revenue from operating leases is recognised on the straight-line basis over the lease terms. Contingent rents are credited to profit or loss in the period in which they are actually incurred.

### 22. Government grants

A government grant is recognised only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount.

Asset-related government grants are recognised when the government document designates that the government grants are used for constructing or forming long-term assets. If the government document is inexplicit, the Company should make a judgement based on the basic conditions to obtain the government grants, and recognises them as asset-related government grants if the conditions are constructing or forming long-term assets. Otherwise, the government grants should be income-related.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss over the periods in which the related costs are recognised. If the grant is a compensation for related expenses or losses already incurred, the grant is recognised immediately in profit or loss for the period. A government grant related to an asset is recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset. A government grant measured at a nominal amount is recognised immediately in profit or loss for the period.

### 23. Income tax

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

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

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (1) That the deferred tax liability arises from: the initial recognition of goodwill or the initial recognition of an asset or liability in transactions that are not business combinations and, at the time of the transaction, affects neither the accounting profit, taxable profit or loss nor deductible losses; and,
- (2) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

### 23. Income tax *(continued)*

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

- (1) Where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in transactions that are not business combinations and, at the time of the transaction, affects neither the accounting profit, taxable profit or loss nor deductible losses; and
- (2) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

At the balance sheet date, deferred tax assets and liabilities are measured at related tax rates according to the requirements of tax laws during the period that the assets are expected to be recovered or the liability expected to be paid. The recognition of deferred tax assets and liabilities also take the recovery or the repayment terms into account.

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

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

### 24. Leases

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

#### **As lessee under operating leases**

Operating lease payments are recognised on the straight-line basis over the term of the relevant lease, and are either included in the cost of related asset or charged to profit or loss for the period. Contingent rentals are charged to profit or loss in the period in which they actually incur.

#### **As lessor under operating leases**

Rental income from operating leases is recognised in profit or loss on the straight-line basis over the term of the relevant lease. Contingent rentals are credited to profit or loss in the period in which they actually incur.

#### **As lessee under finance leases**

An asset held under finance leases is initially recognised at the lower between the leased assets' fair value and the present value of minimum lease payments on the lease commencement date. The amount of long-term payables will be recognised as minimum lease payments accordingly, and the differences between the leased assets' fair value and the present value of minimum lease payments will be recorded as unrecognised financing costs which will be amortised in the effective interest method. Contingent rentals will be recognised in profit or loss when they actually incur.

# Notes to Financial Statements *(continued)*

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

### 25. Share repurchase

The considerations and transaction costs occurred in repurchasing own equity instruments are deducted from equity. Equity movements are recognised on the issue (including refinancing), repurchase, sale, or cancellation of the Group's own equity instruments.

### 26. Profits distribution

Cash dividends of the Company are recognised as a liability after they are approved by the shareholders in a general meeting.

### 27. Work safety fund and production maintenance fund

The work safety fund and production maintenance fund accrued pursuant to regulations are recognised as cost of relevant products or profit or loss in the period, and are stated as special reserves. For the utilisation of the fee to pay for safety relevant expenses, the special reserves shall be reversed directly. Capitalised expenditure shall be recognised in fixed assets when the asset is ready for its intended use. The actual expenditure shall be offset with the balance of special reserves and full depreciation is provided for the asset at the same amount.

### 28. Fair value measurement

The Group measures its derivative financial instruments and listed equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Unobservable inputs are adopted only when observable inputs are not available.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period.



## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

### 29. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts and disclosure of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

#### **Judgements**

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

#### *Operating lease commitments as lessor*

The Group has entered into commercial property leases on its investment properties portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

#### *Classification between investment properties and fixed assets*

The Group has entered into contracts for buildings under commercial leases. According to rental agreements, the Group determined that the leased out building is held to earn rentals or for capital appreciation or both and is accounted for as investment properties.

#### *Income tax*

As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimates and judgements based on currently enacted tax laws, regulations and other related policies are required in determining the provision of income tax expenses to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will be accounted in the income tax expenses in the period in which the differences are realised.

#### *Joint venture arrangements-the investments in the off-shore mining fund by the Group*

The Group has determined that although the Group holds 82.89% participants shares of Spratt-Zijin Mining Fund ("Spratt Fund"), based on the co-operation agreement between the Group and Spratt Inc. (a fund management company incorporated in Canada, "Spratt"), investments decision-making was controlled by the investment committee, and the Group and Spratt have joint control over the investment committee. As such, the Group recognised its investment in the Spratt Fund as an investment in a joint venture.

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

### 29. Significant accounting judgements and estimates *(continued)*

#### **Estimation uncertainty**

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

#### *Impairment of available-for-sale investments*

The Group classifies certain assets as available-for-sale investments and recognises movements of their fair value in other comprehensive income. When the fair value declines, management makes assumption about the decline in value to determine whether there is an impairment that should be recognised in the statement of profit or loss.

#### *Impairment of non-current assets other than financial assets (excluding goodwill)*

The Group assesses whether there are any indicators of impairment for non-current assets other than financial assets at the end of financial year. Intangible assets with an indefinite life are tested for impairment annually and at other times when such an indicator exists. Other non-current assets other than financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or assets group exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its present value of future cash flows. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

#### *Useful lives of property, plant and equipment*

Management determines the estimated useful lives of the Group's property, plant and equipment. This estimation is based on the actual useful lives of property, plant and equipment with similar nature and functions and the historical experience. Management will increase the depreciation charge where useful lives are less than previously estimated lives, and will write off or write down technically obsolete or non-strategic assets that have been abandoned.

#### *Impairment of goodwill*

Goodwill is tested for impairment at least at the end of each year. For the purpose of impairment testing, the present value of cash flows, which are generated from sets of assets or asset groups considered together with goodwill, is estimated. The Group estimates the present value of cash flows from sets of assets or asset groups by forecasting the related cash flow and selecting a suitable discount rate.

#### *Exploration and development expenditures*

Determination of the capitalisation amount of exploration and development expenditures requires estimation of future cash flows, choosing a suitable discount rate and estimation of beneficial useful lives in order to calculate the present value.

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

### 29. Significant accounting judgements and estimates *(continued)*

#### **Estimation uncertainty** *(continued)*

##### *Bad debt provision for receivables*

Bad debt provision for receivables is estimated according to objective evidence (i.e., the possibility of bankruptcy or serious financial difficulties of debtors) which will affect the recoverable amount of receivables. Bad debt provision is reviewed at least at every financial year end for re-estimation.

##### *Inventory provision determined on net realisable value*

Inventory provision is provided for those slow-moving inventories or inventories with a carrying amount higher than net realisable value. At the balance sheet date, inventory provision is reviewed individually for slow-moving items or inventories whose carrying amount exceeds the net realisable amount.

##### *Proved mineral reserves*

Proved mineral reserves are estimated based on professional knowledge, experience and industrial practice. Most of the time, the estimation basis on probing and estimation could not be accurate. The estimation is updated in accordance with new technologies and new information. Any changes in estimation will have impacts on amounts of mining assets' depreciation and mining rights' amortisation using the units of production method, and on the stripping ratio which was used in the capitalisation of stripping costs. That will result in changes of or impacts on the Group's operation and development program, and the Group's operating results.

##### *Deferred tax assets*

To the extent that it is probable that the deferred tax assets will ultimately be realised, deferred tax assets shall be recognised. Judgement regarding the timing and amount of future taxable profit, and considerations for tax planning strategies, are needed when estimating the amount of deferred tax assets.

##### *Estimated compensation*

The Group is involved in a number of litigations. The estimated compensation is based on management's understanding of the litigation and the opinions of legal counsels or legal representatives. These estimations are likely to be updated according to the progress of litigation. This may affect the Group's operating results.

##### *Rehabilitation provision*

Pursuant to the regulation of the Australian government, the Group recognises restoration and rehabilitation provision of the mines located in Australia. The amount of provision is an estimate based upon the life of mined tenement, as well as the future timing and cost of such rehabilitation, which depends on an overall judgement of management.

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## IV. TAX

### 1. Major taxes and tax rates

Value-added tax ("VAT")	<p>Sales of final gold products and carrying-gold minerals are exempted from VAT. The VAT rate for mining and processing of non-ferrous metals such as iron concentrates, gold concentrates, copper concentrates, zinc concentrates, and copper cathodes, zinc bullions, material sales and processing is 17%. The taxpayer is required to remit the VAT it collects to the tax authority, but may deduct the VAT it has paid on eligible purchases.</p> <p>Pursuant to the Notice of the Ministry of Finance and the State Administration of Tax on the Implementation of the Pilot Policy in respect of Changing the Levy of Business Tax to Value-added Tax for Transportation Industry, Certain Modern Service Industries, Railway Transportation Industry and Postal Service Industry Nationwide (Cai Shui [2013] No.37), from 1 January 2014, VAT tax rate for transportation service income derived nationwide is 11%, and that for trademark royalty income and technical service income derived nationwide is 6%. Small-scale taxpayer's VAT tax rate for all the income mentioned above is 3%.</p>
Business tax	Business tax rate for real-estate rental income and hotel service revenue is 5%, and that for construction labor income is 3%.
City construction and maintenance tax	Levied on actual payment of turnover tax at rates ranging from 1% to 7%.
Resource tax	Tax rates for gold resources ranged from RMB2 to RMB8.5 (2013: RMB2 to RMB8.5) per tonne depending on the gold ore quantity; tax rates for copper resources ranged from RMB6 to RMB7 (2013: RMB6 to RMB7) per tonne depending on the copper ore quantity; tax rate for iron resource was RMB12 to RMB12.8 (2013: RMB9.52) per tonne according to the ore quantity; tax rate for zinc-lead resources was RMB20 (2013: RMB20) per tonne according to the ore quantity.
Resource compensation fee	The resource compensation fee is calculated according to a certain proportion of mineral sales revenue. The formula is: Mineral sales revenue x Resource compensation rate x Coefficient of mining recovery. Resource compensation rates range from 2% to 4%.
Enterprise income tax	Provision for the PRC income tax has been made at the rate of 25% based on the taxable profits except for certain companies in the Group which are further mentioned below. Provision for Hong Kong profits tax has been made at the rate of 16.5% on the assessable profits arising in Hong Kong for the year. Provision for Australian and the Democratic Republic of the Congo profits tax has been made at the rate of 30% on the assessable profits arising in Australia and the Democratic Republic of the Congo for the year. Provision for Tajikistan profits tax has been made at the rate of 15% on the assessable profits arising in Tajikistan for the year.

**IV. TAX** *(continued)***2. Tax incentives**

Pursuant to the Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Tax on the Issues of Preferential Taxation Policies for Further Implementing the Western Development Strategy (Cai Shui [2011] No.58), from 1 January 2011 to 31 December 2020, the enterprises in the western region, which engaged in encouraged industries as indicated in the Catalogue of Encouraged Industries of Western Region and the Catalogue of Industrial Structure Adjustment Guidance ([2011]Revised) (The National Development and Reform Commission Order [2013] No. 21) and which derive 70% of their operating income from the encouraged industries could apply for a tax incentives. After getting in-charge tax bureau's approval, those enterprises could enjoy a reduced corporate income tax ("CIT") rate of 15%. In 2014, the following subsidiaries got in-charge tax bureau approval and granted a reduced CIT rate of 15%:

- (1) Pursuant to the Notice of Tax Issue (Ha Di Shui Tong Reduction [2014] No.104) and (Ha Di Shui Tong [2014] No.498) issued by the Xinjiang Autonomous Region Habahe County Local Tax Bureau on 10 March 2014 and 2 December 2014, respectively, Xinjiang Ashele Copper Company Limited ("Xinjiang Ashele") was entitled to a tax concession of Western Development at a preferential CIT rate of 15% in 2014.
- (2) Pursuant to the Notice of Tax Issue (Fu Di Shui Tong [2014] No.54) issued by the Xinjiang Autonomous Region Fuyun County Local Tax Bureau on 12 December 2014, Xinjiang Jinbao Mining Company Limited ("Xinjiang Jinbao") was entitled to a tax concession of Western Development at a preferential CIT rate of 15% in 2014.
- (3) Pursuant to the Tax Preference Application approved by Xinjiang Autonomous Region Wuqia County State Tax Bureau on 17 June 2014, Wuqia Jinwang Mining Development Company Limited ("Wuqia Jinwang") was entitled to a tax concession of Western Development at a preferential CIT rate of 15% in 2014.
- (4) Pursuant to the Approval to the Application of Qinghai West Copper Company Limited to Enjoy Tax Concession of Western Development (Qin Guo Shui Han [2014] No.78) issued by Qinghai Province Maqin County State Tax Bureau on 30 October 2014, Qinghai West Copper Company Limited ("Qinghai West") was entitled to a tax concession of Western Development at a preferential CIT rate of 15% in 2014.
- (5) Pursuant to the Reference Table of Enterprise Income Tax issued by the State Tax Bureau of Hunchun Border Economic Cooperation Region on 22 May 2014, Hunchun Zijin Mining Company Limited ("Hunchun Zijin") was entitled to a tax concession of Western Development at a preferential CIT rate of 15% in 2014.



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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. CASH AND CASH EQUIVALENTS

	2014	2013
Cash	<b>4,544,293</b>	7,136,797
Bank deposit	<b>3,381,995,140</b>	3,867,165,831
Other monetary funds (Note 1)	<b>753,133,335</b>	617,434,584
	<b>4,139,672,768</b>	4,491,737,212

Note 1: As at 31 December 2014, other monetary funds mainly included: (1) Land restoration and environmental rehabilitation costs of RMB63,458,096 (31 December 2013: RMB62,736,364). Pursuant to the rules of Longyan Municipal Government, the Company provided land restoration and environmental rehabilitation costs and deposited the funds in a specified bank account. The fund was restricted to the use of land restoration and environmental rehabilitation. (2) Deposit for donation of RMB71,092 (31 December 2013: RMB70,813), which was restricted to use. (3) Guarantee deposits of RMB54,715,758 (31 December 2013: RMB66,207,179), which were restricted to use. (4) Time deposits with maturity for more than three months of RMB509,667,366 (31 December 2013: RMB341,789,835). (5) Deposit in the Shanghai Gold Exchange of RMB125,221,023 (31 December 2013: RMB146,630,393).

As at 31 December 2014, cash and cash equivalents of RMB397,748,850 (31 December 2013: RMB678,861,179) was deposited outside Mainland China.

Current deposits earn interest at the rate based on current deposit interest rates. Maturities of short-term time deposits range from 7 days to 12 months depending on the fund arrangement of the Group. Time deposit earns interest at the relevant rates with different maturities.

### 2. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014	2013
Held-for-trading financial assets		
Held-for-trading equity investments (Note 1)	<b>114,615,762</b>	288,536,824
Derivative financial assets (Note 2)	<b>60,641,750</b>	14,943,541
Others (Note 3)	<b>136,990,115</b>	172,461,586
	<b>312,247,627</b>	475,941,951

Note 1: The investments in stocks aimed at making short-term profits.

Note 2: In the derivative financial assets, the Group has entered into gold forward contracts in accordance with the quantity, specification and repayment terms of gold to be returned to banks for the purpose of hedging certain risks arising from gold price fluctuation from gold leasing business. As at 31 December 2014, gains on changes in fair value arising from gold forward contracts were RMB2,540,478 (31 December 2013: losses on changes in fair value arising from gold forward contracts were recognised as financial liabilities at fair value through profit or loss).

Note 3: The Group has purchased money market funds in overseas markets through ICBC Credit Suisse Asset Management (International) Company Limited. As at 31 December 2014, losses on changes in fair value arising from the money market funds were RMB1,006,089 (31 December 2013: gains of RMB5,376,205). The Group has purchased the funds through securities companies and the domestic secondary market. As at 31 December 2014, gains on changes in fair value arising from the funds were RMB4,521,160 (31 December 2013: losses of RMB315,542).

# Notes to Financial Statements *(continued)*

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 3. BILLS RECEIVABLE

	2014	2013
Bank acceptance bills	537,013,069	774,567,488
Commercial acceptance bills	1,471,633	6,279,641
	<b>538,484,702</b>	780,847,129

Bills receivable which have been pledged are as follows:

	2014	2013
Bank acceptance bills	6,600,000	18,250,000

Bills receivable endorsed by the Group to other parties which were not yet due at balance sheet date are as follows:

	2014		2013	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Bank acceptance bills	404,367,014	—	157,587,329	—

As at 31 December 2014, there were no bills receivable which were converted to trade receivables due to the drawer's inability to settle the note on maturity (31 December 2013: Nil).

### 4. TRADE RECEIVABLES

Trade receivables are interest-free with a credit period of one to six months in general.

An ageing analysis of the trade receivables is as follows:

	2014	2013
Within 1 year	1,204,922,684	498,591,771
Over 1 year but within 2 years	17,117,052	12,565,676
Over 2 years but within 3 years	8,577,001	7,575,162
Over 3 years	1,594,371	8,065,554
	<b>1,232,211,108</b>	526,798,163
Less: Bad debt provision	4,135,644	7,443,532
	<b>1,228,075,464</b>	519,354,631

The sales of gold bullions are settled on the transaction dates. The credit periods on the sales of other products such as copper cathodes, zinc bullions and ore concentrates range from 1 to 6 months. The Group maintains strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. As mentioned above and because of the fact that the Group's trade receivables were related to a large number of diversified customers, there is no significant concentration of credit risk.

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 4. TRADE RECEIVABLES *(continued)*

The movements of bad debt provision of the trade receivables are as follows:

	At 1 January	Additions	Reductions		At 31 December
			Reversal	Write-off	
<b>2014</b>	<b>7,443,532</b>	<b>4,119,219</b>	—	<b>(7,427,107)</b>	<b>4,135,644</b>
2013	7,393,935	49,597	—	—	7,443,532

	2014					2013				
	Carrying amount		Bad debt provision		Net book value	Carrying amount		Bad debt provision		Net book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Individually significant and for which bad debt provision has been assessed individually	<b>932,872,837</b>	<b>75.71</b>	—	—	<b>932,872,837</b>	352,453,338	66.90	—	—	352,453,338
Individually not significant but for which bad debt provision has been assessed individually	<b>299,338,271</b>	<b>24.29</b>	<b>4,135,644</b>	<b>1.38</b>	<b>295,202,627</b>	174,344,825	33.10	7,443,532	4.27	166,901,293
	<b>1,232,211,108</b>	<b>100.00</b>	<b>4,135,644</b>	<b>0.34</b>	<b>1,228,075,464</b>	526,798,163	100.00	7,443,532	1.41	519,354,631

In 2014, the provision for bad debt was RMB4,119,219 (2013: RMB49,597), and there was neither reversal nor write-off of bad debt (2013: Nil).

In 2014, the client of Fujian Jinyi Copper Co., Ltd ("Jinyi Copper"), the Group's subsidiary, went bankrupt, the trade receivable on it was uncollectible. Therefore, the actual write-off amount of prior year to bad debt provision was RMB 7,427,107 (2013: Nil).

As at 31 December 2014, top five entities with the largest balances of trade receivables are as follows:

Name of entity	Amount	Proportion of trade receivables (%)	Ageing	Closing balance of bad debt provision
Jinchuan Group Company Limited ("Jinchuan Group")	<b>311,240,643</b>	<b>25.26</b>	<b>Within 1 year</b>	—
Shanghai Red Heron International Trade Co., Ltd.	<b>111,964,890</b>	<b>9.09</b>	<b>Within 1 year</b>	—
Xinjiang Bayi Steel Group Company Limited ("Bayi Steel")	<b>66,433,565</b>	<b>5.39</b>	<b>Within 1 year</b>	—
Xiamen Tungsten Joint Stock Company Limited	<b>52,917,682</b>	<b>4.29</b>	<b>Within 1 year</b>	—
Xining Special Steel Co., Ltd. (Xining Special Steel)	<b>51,953,639</b>	<b>4.22</b>	<b>Within 1 year</b>	—
	<b>594,510,419</b>	<b>48.25</b>		—

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 4. TRADE RECEIVABLES *(continued)*

As at 31 December 2013, top five entities with the largest balances of trade receivables are as follows:

Name of entity	Amount	Proportion of trade receivables (%)	Ageing	Closing balance of bad debt provision
Xining Special Steel	45,954,449	8.72	Within 1 year	—
Western Australian Mint	39,006,583	7.40	Within 1 year	—
Fujian Jinye Copper Pipe Accessory Company Limited	25,678,911	4.87	Within 1 year	—
Bayi Steel	22,347,491	4.24	Within 1 year	—
Jiangxi Jutong Industry Company Limited	16,729,593	3.18	Within 1 year	—
	149,717,027	28.42		—

#### 5. PREPAYMENTS

Ageing analysis of the prepayments is as follows:

	2014		2013	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	498,961,356	76.56	794,452,437	86.08
Over 1 year but within 2 years	79,014,057	12.12	93,835,922	10.17
Over 2 years but within 3 years	60,725,206	9.32	20,481,030	2.22
Over 3 years	13,047,913	2.00	14,167,934	1.53
	651,748,532	100.00	922,937,323	100.00
Less: Bad debt provision	1,780,383		1,848,055	
	649,968,149		921,089,268	

As at 31 December 2014, there were no prepayments with significant balances aged over one year (31 December 2013: Nil).

Top five entities with the largest balances of prepayments at 31 December 2014 are as follows:

Name of entity	Amount	Proportion of prepayment (%)
Xiamen Zijin Zhonghang Real Estate Company Limited ("Xiamen Zijin Zhonghang")	69,147,271	10.61
Shenzhen Penavico Logistics Company Limited, Tianjin Branch ("Shenzhen Penavico")	57,132,085	8.77
Jiayou International Logistic (Beijing) Company Limited	29,538,797	4.53
Xinjiang Xinqiang Recycle Limited	22,400,000	3.44
Xiamen Qingtuo Trade Company Limited	18,390,000	2.82
Total	196,608,153	30.17

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 5. PREPAYMENTS *(continued)*

Top five entities with the largest balances of prepayments at 31 December 2013 are as follows:

Name of entity	Amount	Proportion of prepayment (%)
Wancheng Commercial Dongshengmiao Company Limited ("Wancheng Commercial")	115,710,717	12.54
Shenzhen Penavico	57,076,391	6.18
Kunlun International Trading Company Limited	32,909,382	3.57
PRC Dongdu Customs	32,333,852	3.50
Xiamen Zijin Zhonghang	27,629,530	2.99
<b>Total</b>	<b>265,659,872</b>	<b>28.78</b>

### 6. OTHER RECEIVABLES

Ageing analysis of the other receivables is as follows:

	2014	2013
Within 1 year	<b>797,880,908</b>	1,389,263,416
Over 1 year but within 2 years	<b>350,560,090</b>	245,734,384
Over 2 years but within 3 years	<b>115,251,587</b>	88,059,076
Over 3 years	<b>237,013,029</b>	234,275,416
	<b>1,500,705,614</b>	1,957,332,292
Less: Bad debt provision	<b>234,160,438</b>	165,755,786
	<b>1,266,545,176</b>	1,791,576,506

Movements in bad debt provision of other receivables are as follows:

	At 1 January	Additions	Reductions		At 31 December
			Reversal	Write-off	
<b>2014</b>	<b>165,755,786</b>	<b>80,595,738</b>	<b>(89,770)</b>	<b>(12,101,316)</b>	<b>234,160,438</b>
2013	9,876,229	159,934,354	—	(4,054,797)	165,755,786



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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 6. OTHER RECEIVABLES *(continued)*

	2014					2013				
	Carrying amount		Bad debt provision		Net book value	Carrying amount		Bad debt provision		Net book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Individually significant and for which bad debt provision has been assessed individually	1,033,941,729	68.90	212,792,416	20.58	821,149,313	1,307,242,955	66.79	150,992,416	11.55	1,156,250,539
Individually not significant but for which bad debt provision has been assessed individually	466,763,885	31.10	21,368,022	4.58	445,395,863	650,089,337	33.21	14,763,370	2.27	635,325,967
	1,500,705,614	100	234,160,438	15.60	1,266,545,176	1,957,332,292	100	165,755,786	8.47	1,791,576,506

As at 31 December 2014, other receivables, which were individually significant and for which bad debt provision had been assessed individually were as follows:

	Carrying amount	Bad debt provision	Proportion (%)	Reason for providing bad debt provision
Xiamen Zijin Tongguan Investment Development Company Limited ("Zijin Tongguan")	146,443,980	140,992,416	96.28	Project the borrowing used in is without any progress
Mongolia Tianhong Mining Company Limited ("Mongolia Tianhong")	61,800,000	61,800,000	100.00	Borrower is in long-term loss
Chongli Dongping Gold Mining Company Limited ("Chongli Dongping")	10,034,878	10,000,000	99.65	Borrower is incapable to operate
	218,278,858	212,792,416		

As at 31 December 2013, other receivables, which were individually significant and for which bad debt provision had been assessed individually were as follows:

	Carrying amount	Bad debt provision	Proportion (%)	Reason for providing bad debt provision
Zijin Tongguan	140,992,416	140,992,416	100.00	Project the borrowing used in is without any progress
Chongli Dongping	10,034,878	10,000,000	99.65	Borrower is incapable to operate
	151,027,294	150,992,416		

# Notes to Financial Statements *(continued)*

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 6. OTHER RECEIVABLES *(continued)*

In 2014, bad debt provision was RMB80,595,738 (2013: RMB159,934,354), and RMB89,770 was reversed (2013: Nil).

In 2014, bad debt provision written off amounted to RMB12,101,316 (2013: RMB4,054,797).

Nature of other receivables is as follows:

	2014	2013
Due from governments	<b>205,828,144</b>	817,313,909
Advanced material costs	<b>120,396,745</b>	198,420,519
Due from non-controlling shareholders	<b>54,673,792</b>	54,191,857
Staff advances	<b>38,759,953</b>	59,787,196
Due from third-parties	<b>300,203,672</b>	215,233,573
Receivables from associates and joint ventures	<b>168,611,139</b>	165,680,191
Security and deposits	<b>10,613,491</b>	35,419,961
Interest receivables	<b>11,699,344</b>	7,271,646
Receivables for disposal of assets	<b>130,658,293</b>	86,034,614
Deferred expenses	<b>156,543,432</b>	136,992,854
Receivables for settlement of forwards	<b>162,070,984</b>	47,765,284
Others	<b>140,646,625</b>	133,220,688
	<b>1,500,705,614</b>	1,957,332,292
Less: Bad debt provision	<b>234,160,438</b>	165,755,786
	<b>1,266,545,176</b>	1,791,576,506

Top five entities with the largest balances of other receivables are as follows:

#### 31 December 2014

Name of entity	Nature	Amount	Ageing	Proportion of other receivables (%)	Closing balance of bad debt provision
Zijin Tongguan (Note 1)	Due from associates and joint ventures	157,444,785	Within 1 year, over 1 year but within 2 years and over 3 years	10.49	140,992,416
PRC Urat Customs ("Urat Customs") (Note 2)	Due from governments	125,840,050	Within 1 year	8.39	—
Mr. He Maoxiong (Note 3)	Due from third-parties	80,000,000	Over 3 years	5.33	—
Bank of China Fujian Branch (Note 4)	Receivables for settlement of forwards	69,433,377	Within 1 year	4.63	—
Crédit Agricole Corporate and Investment Bank (Note 4)	Receivables for settlement of forwards	68,887,387	Within 1 year	4.59	—
		501,605,599		33.43	140,992,416

# Notes to Financial Statements *(continued)*

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 6. OTHER RECEIVABLES *(continued)*

Top five entities with the largest balances of other receivables are as follows *(continued)*:

31 December 2013

Name of entity	Nature	Amount	Ageing	Proportion of other receivables (%)	Closing balance of bad debt provision
Finance Bureau of Longyan City, Fujian Province	Due from governments	334,800,000	Within 1 year	17.10	—
Land Reserve Center of Longyan City	Due from governments	223,200,000	Within 1 year	11.40	—
Land and Resources Bureau of Longyan City, Fujian Province	Due from governments	149,560,000	Within 1 year	7.64	—
Zijin Tongguan (Note 1)	Due from associates and joint ventures	149,647,992	Within 1 year and over 1 year but within 2 years	7.65	140,992,416
Mr. He Maoxiong (Note 3)	Due from third-parties	100,000,000	Over 3 years	5.11	—
		957,207,992		48.90	140,992,416

Note 1: The balance was mainly borrowings due from Zijin Tongguan offered by the Company from 2012 to 2014. In 2012, the Company offered two borrowings amounting to RMB118,350,000 in total to Zijin Tongguan. The borrowings were due in April and June 2013, which had no pledge and were interest-free. In 2013, the Company offered another two interest-free borrowings amounting to RMB22,500,000 in total to Zijin Tongguan for its normal operation. In current year, the Company offered a new borrowing amounting to RMB5,400,000 to Zijin Tongguan again. However, Monterrico Metals Plc., a subsidiary of Zijin Tongguan, was temporarily unable to be developed because of the unsettled community relationship problems. Consequently, the management of the Group made a bad debt provision for the borrowings and receivables due from Zijin Tongguan amounting to RMB140,992,416.

Note 2: Zijin Copper Company Limited ("Zijin Copper"), a subsidiary of the Group, imported copper concentrates via Urat Customs. Zijin Copper was required to pay deposits for import. Balance of the deposit was RMB125,840,050 as at 31 December 2014.

Note 3: In December 2009, Zijin Mining Group Qinghai Company Limited ("Qinghai Zijin"), a subsidiary of the Group, planned to acquire the shares of Lenghu Bindi Potash Fertiliser Company Limited from an individual shareholder, Mr. He Maoxiong, and prepaid RMB198,000,000 as the deposit for share acquisition. In 2011, the management of the Group decided to terminate the share acquisition plan, thus the deposit was reclassified from other non-current assets to other receivables. Part of the deposit amounting to RMB20,000,000, RMB78,000,000 and RMB 20,000,000 were repaid by Mr. He Maoxiong to Qinghai Zijin in 2012, 2013 and 2014, respectively. The management expected the rest of the deposit would be recovered in 2015.

Note 4: The Company entrusted Bank of China and Crédit Agricole Corporate and Investment Bank with gold forward transactions and silver forward transactions. The transactions were denominated in USD, while there was no physical delivery of gold or silver. Before maturity, the Company terminated the transactions through offsetting positions and the transaction parties settled the spread and other expenses in USD. As at 31 December 2014, gains on settled forward contracts amounted to RMB138,320,764.

# Notes to Financial Statements *(continued)*

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 7. INVENTORIES

	2014			2013		
	Carrying amount	Inventory provision	Net book value	Carrying amount	Inventory provision	Net book value
Raw Materials	3,380,821,280	(32,119,983)	3,348,701,297	2,655,205,272	(76,180,762)	2,579,024,510
Work in progress	3,447,584,035	(1,416,244)	3,446,167,791	3,126,969,301	(1,772,330)	3,125,196,971
Finished goods	1,410,330,719	(96,795,588)	1,313,535,131	1,037,829,445	(12,286,322)	1,025,543,123
Properties under development	2,239,792,956	—	2,239,792,956	1,463,900,648	—	1,463,900,648
Reusable materials	5,720,365	—	5,720,365	6,363,298	—	6,363,298
	<b>10,484,249,355</b>	<b>(130,331,815)</b>	<b>10,353,917,540</b>	8,290,267,964	(90,239,414)	8,200,028,550

The movements of inventory provision are as follows:

2014	At 1 January	Additions	Reductions	At 31 December
			Reversal and write-off	
Raw Materials	76,180,762	192,889,321	(236,950,100)	32,119,983
Work in progress	1,772,330	2,402,410	(2,758,496)	1,416,244
Finished goods	12,286,322	105,761,729	(21,252,463)	96,795,588
Total	<b>90,239,414</b>	<b>301,053,460</b>	<b>(260,961,059)</b>	<b>130,331,815</b>

2013	At 1 January	Additions	Reductions	At 31 December
			Reversal and write-off	
Raw Materials	54,027,114	71,303,031	(49,149,383)	76,180,762
Work in progress	2,265,501	5,140,406	(5,633,577)	1,772,330
Finished goods	5,637,058	38,705,981	(32,056,717)	12,286,322
Total	61,929,673	115,149,418	(86,839,677)	90,239,414

## Notes to Financial Statements *(continued)*

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 7. INVENTORIES *(continued)*

2014	Basis of net realisable value	Basis of making provision of inventories	Reasons for reversal
Raw Materials	Market price of raw materials/Market price of relevant finished goods	Defective and obsolete/Decrease in market price of relevant finished goods	Increase in market price of relevant finished goods
Work in progress	Market price of relevant finished goods	Decrease in market price of finished goods	Increase in market price of finished goods
Finished goods	Market price/Contract price	Decrease in market price	Increase in market price

  

2013	Basis of net realisable value	Basis of making provision of inventories	Reasons for reversal
Raw Materials	Market price of raw materials/Market price of relevant finished goods	Defective and obsolete/Decrease in market price of relevant finished goods	Increase in market price of relevant finished goods
Work in progress	Market price of relevant finished goods	Decrease in market price of finished goods	Increase in market price of finished goods
Finished goods	Market price/Contract price	Decrease in market price	Increase in market price

As at 31 December 2014, inventories with a carrying amount of RMB492,959,037 (31 December 2013: RMB575,977,286) were pledged as collateral. Details are disclosed in Note V 56.

As at 31 December 2014, carrying amount of inventories included RMB57,286,686 capitalised interest expense (31 December 2013: RMB32,239,186).

#### 8. OTHER CURRENT ASSETS

	2014	2013
Deposit for forward contracts	212,346,626	187,652,816
Deposit for gold transactions	3,995,378	7,094,787
Liquid cash for forward contracts	15,825,608	34,682,361
Deductible taxes (Note 1)	527,636,689	445,835,700
Others	369,510,863	75,946,599
	<b>1,129,315,164</b>	751,212,263

Note 1: Balance represented the recoverable amount of value-added tax and corporate income tax prepaid by the Group.



# Notes to Financial Statements *(continued)*

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 9. AVAILABLE-FOR-SALE INVESTMENTS

	2014			2013		
	Carrying amount	Impairment provision	Net book value	Carrying amount	Impairment provision	Net book value
Available-for-sale debt instruments	—	—	—	38,099,842	—	38,099,842
Available-for-sale equity instruments						
Measured at fair value	167,657,409	(81,618,459)	86,038,950	436,593,676	(131,069,517)	305,524,159
Measured at cost	435,957,175	(26,710,423)	409,246,752	381,702,906	(26,710,423)	354,992,483
	<b>603,614,584</b>	<b>(108,328,882)</b>	<b>495,285,702</b>	856,396,424	(157,779,940)	698,616,484

Available-for-sale investments measured at fair value are as follows:

	2014			2013		
	Available-for-sale equity instruments	Available-for-sale debt instruments	Total	Available-for-sale equity instruments	Available-for-sale debt instruments	Total
Cost of equity instruments/Amortised cost of debt instruments	169,704,751	—	169,704,751	459,306,431	38,099,842	497,406,273
Fair value	86,038,950	—	86,038,950	305,524,159	38,099,842	343,624,001
Accumulated changes in fair value recognised as other comprehensive income	(2,047,342)	—	(2,047,342)	(22,712,755)	—	(22,712,755)
Impairment provision at 31 December	(81,618,459)	—	(81,618,459)	(131,069,517)	—	(131,069,517)

# Notes to Financial Statements *(continued)*

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 9. AVAILABLE-FOR-SALE INVESTMENTS *(continued)*

Available-for-sale investments measured at cost are as follows:

**2014**

	Carrying amount				Impairment provision				Proportion of equity interest (%)	Cash dividends received for the year
	At 1 January	Additions	Reductions	At 31 December	At 1 January	Additions	Reductions	At 31 December		
Sichuan Liwu Copper Company Limited ("Liwu Copper")	19,850,000	—	—	19,850,000	—	—	—	—	5.77	5,000,000
Fujian Shanghang Rural Commercial Bank Company Limited ("Shanghang Rural Commercial Bank")	89,900,000	—	—	89,900,000	—	—	—	—	10.00	15,000,000
Nanjing China Net Communication Company Limited ("Nanjing China Net")	25,000,000	—	—	25,000,000	—	—	—	—	8.62	150,000
Hunan Nonferrous Metals Company Limited ("Hunan Nonferrous Metals")*	30,000,000	—	—	30,000,000	—	—	—	—	0.82	—
Fujian Shanghang Xingcheng Guarantee Company Limited ("Xingcheng Guarantee") (Note 1)	—	50,000,000	—	50,000,000	—	—	—	—	20.00	—
Muli County Rongda Mining Company Limited ("Muli Rongda")	62,017,517	—	—	62,017,517	—	—	—	—	12.00	6,960,000
Xinjiang Xinxin Mining Industry Company Limited ("Xinjiang Xinxin")*	18,314,097	—	—	18,314,097	—	—	—	—	2.56	—
Wulatehouqi Ruirong Lead Refinery Company Limited ("Wulatehouqi Ruirong")	10,500,000	—	—	10,500,000	(6,611,323)	—	—	(6,611,323)	3.03	—
Luoyang Yongning Gold and Lead Refinery Company Limited ("Luoyang Yongning")	40,000,000	—	(400,000)	39,600,000	(20,099,100)	—	—	(20,099,100)	8.00	—
CASA Minerals Limited ("Casa Mining")	42,142,585	—	(209,794)	41,932,791	—	—	—	—	8.01	—
Solantera Resources Ltd. ("Solantera Resources")	7,771,757	—	—	7,771,757	—	—	—	—	2.80	—
Zhenfeng Rural Credit Cooperative Union	11,074,000	—	—	11,074,000	—	—	—	—	9.80	—
Xinjiang Tianshan Railway Company Limited ("Xinjiang Tianshan Railway")	19,200,000	—	—	19,200,000	—	—	—	—	12.00	—
Luoyang Commercial Bank	1,000,000	—	—	1,000,000	—	—	—	—	0.12	520,000
Jiangxi Jinhuan Mining Company Limited ("Jiangxi Jinhuan") (Note 2)	—	6,575,000	(1,710,937)	4,864,063	—	—	—	—	55.00	—
Others	4,932,950	—	—	4,932,950	—	—	—	—	N/A	—
	381,702,906	56,575,000	(2,320,731)	435,957,175	(26,710,423)	—	—	(26,710,423)		27,630,000

\* Investment in listed company.

# Notes to Financial Statements *(continued)*

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 9. AVAILABLE-FOR-SALE INVESTMENTS *(continued)*

Available-for-sale investments measured at cost are as follows: *(continued)*

2013

	Carrying amount				Impairment provision				Proportion of equity interest(%)	Cash dividends received for the year
	At 1 January	Additions	Reductions	At 31 December	At 1 January	Additions	Reductions	At 31 December		
Liwu Copper	19,850,000	—	—	19,850,000	—	—	—	—	5.77	8,000,000
Shanghai Rural Commercial Bank	89,900,000	—	—	89,900,000	—	—	—	—	10.00	10,200,000
Nanjing China Net	25,000,000	—	—	25,000,000	—	—	—	—	8.62	150,000
Hunan Nonferrous Metals*	30,000,000	—	—	30,000,000	—	—	—	—	0.82	—
Muli Rongda	48,797,517	13,220,000	—	62,017,517	—	—	—	—	12.00	3,120,000
Xinjiang Xinxin*	18,314,097	—	—	18,314,097	—	—	—	—	2.56	—
Wulatehouqi Rui Feng	10,500,000	—	—	10,500,000	—	(6,611,323)	—	(6,611,323)	3.00	—
Luoyang Yongning	40,000,000	—	—	40,000,000	—	(20,099,100)	—	(20,099,100)	10.00	—
Casa Mining	—	42,142,585	—	42,142,585	—	—	—	—	8.09	—
Solantera Resources	—	7,771,757	—	7,771,757	—	—	—	—	5.67	—
Zhenfeng Rural Credit Cooperative Union	—	11,074,000	—	11,074,000	—	—	—	—	9.80	—
Xinjiang Tianshan Railway	19,200,000	—	—	19,200,000	—	—	—	—	12.00	—
Luoyang Commercial Bank	1,000,000	—	—	1,000,000	—	—	—	—	0.24	390,000
Others	4,932,950	—	—	4,932,950	—	—	—	—	N/A	—
	307,494,564	74,208,342	—	381,702,906	—	(26,710,423)	—	(26,710,423)		21,860,000

\* Investment in listed company.

## Notes to Financial Statements *(continued)*

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 9. AVAILABLE-FOR-SALE INVESTMENTS *(continued)*

Movements of impairment provision for available-for-sale investments are as follows:

	2014			2013		
	Available-for-sale equity instruments	Available-for-sale debt instruments	Total	Available-for-sale equity instruments	Available-for-sale debt instruments	Total
Impairment provision at 1 January	157,779,940	—	157,779,940	113,975,059	—	113,975,059
Additions	26,810,425	—	26,810,425	118,723,879	—	118,723,879
<i>Including: transfer from other comprehensive income</i>	<i>26,810,425</i>	<i>—</i>	<i>26,810,425</i>	<i>92,013,456</i>	<i>—</i>	<i>92,013,456</i>
Reductions	(76,261,483)	—	(76,261,483)	(74,918,998)	—	(74,918,998)
Impairment provision at 31 December	108,328,882	—	108,328,882	157,779,940	—	157,779,940

Note 1: Pursuant to the Capital Increase Agreement of Fujian Shanghang Xingcheng Guarantee Company Limited (“Xingcheng Guarantee”), the Company holds 20% preferential shares of Xingcheng Guarantee, and is entitled to preferential rights over other shareholders of Xingcheng Guarantee in respect of profit and residual assets distribution. However, the right to participate in the decision-making and management of Xingcheng Guarantee is restricted. In addition, the Company neither appointed directors to Xingcheng Guarantee nor had a significant influence on operations and decision-making of Xingcheng Guarantee. As such, the Company recognized its investment in Xingcheng Guarantee as available-for-sale investment.

Note 2: Pursuant to a resolution at the shareholders’ meeting on 13 March 2014 convened by Jiangxi Jinhuan, it decided that started from 2014, Huanmin Mining Company Limited (“Huanmin Mining”), a subsidiary of the Company, which held 55% equity interest in Jiangxi Jinhuan, would neither invest in nor participate in management of Jiangxi Jinhuan. Meanwhile, Huanmin Mining entrusted Jiangxi Jinyuan Mineral Group Company Limited (“Jiangxi Jinyuan”), which holds 45% equity interest in Jiangxi Jinhuan, to manage Jiangxi Jinhuan and its equity interest in Jiangxi Jinhuan will be further diluted with the future investment of Jiangxi Jinyuan. As at 31 December 2014, there were no changes in shareholding percentage. The management of the Group considers that they had not involved in the management of Jiangxi Jinhuan and had no significant influence over it. As such, the Group recognized its investment in Jiangxi Jinhuan as available-for-sale investment.

# Notes to Financial Statements (continued)

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 10. LONG-TERM EQUITY INVESTMENTS

2014

	Movements during the year								At 31 December 2014	Provision for impairment losses at 31 December 2014
	At 1 January 2014	Additions	Reductions	Income under the equity method	Other comprehensive income	Other changes in equity	Cash dividends declared by investee	Provision for impairment losses		
<b>Joint ventures</b>										
Shandong Guoda Gold Company Limited ("Shandong Guoda")	182,844,781	—	—	6,591,182	—	—	(9,014,700)	—	180,421,263	(12,350,855)
Xiamen Zijin Zhonghang Gold Eagle Mining Investment Limited ("Gold Eagle Mining")	115,768,138	—	—	(11,796,941)	—	—	—	—	103,971,197	—
Guizhou Southwest Zijin Gold Development Company Limited ("Southwest Zijin Gold")	1,175,152,774	—	—	(23,788,143)	—	—	—	—	1,151,364,631	—
Guizhou Funeng Zijin Energy Company Limited ("Guizhou Funeng Zijin")	23,422,578	—	—	(2,305,655)	—	—	—	—	21,116,923	—
Gold Mountains Sprott Capital Management Limited ("Gold Mountains Sport")	—	100,000,000	—	(25,183,121)	—	—	—	—	74,816,879	—
Sprott-Zijin Mining Fund	1,108,498	—	—	277,228	—	—	—	—	1,385,726	—
Fujian Longhu Fishery Ecological Development Company Limited ("Fujian Longhu Fishery")	582,417,000	—	—	31,800,305	—	—	—	—	614,217,305	—
	10,884,985	—	—	(938,054)	—	—	—	—	9,946,931	—
<b>Subtotal</b>	<b>2,091,598,754</b>	<b>100,000,000</b>	<b>—</b>	<b>(25,343,199)</b>	<b>—</b>	<b>—</b>	<b>(9,014,700)</b>	<b>—</b>	<b>2,157,240,855</b>	<b>(12,350,855)</b>
<b>Associates</b>										
Shanghai Tingjiang Hydro Power Company Limited ("Tingjiang Hydro Power")	43,728,247	—	—	1,963,379	—	—	—	—	45,691,626	—
Wuping Zijin Hydro Power Company Limited ("Wuping Zijin Hydro Power")	43,115,648	—	—	2,777,962	—	—	(9,072,000)	—	36,821,610	—
Qinghai Copper Company Limited ("Qinghai Copper")	48,000,000	—	—	—	—	—	—	—	48,000,000	—
Fujian Haixia Technology Company Limited ("Haixia Technology")	194,880,884	—	—	23,499,819	—	—	(9,660,000)	—	208,720,703	—
Shanghai Xinyuan Water Supply Company Limited ("Shanghai Xinyuan")	114,052,955	—	—	11,015	—	—	—	—	114,063,970	—
Hunchun Jindi Mining Company Limited ("Hunchun Jindi")	35,853,799	—	—	(562,598)	—	—	—	—	35,291,201	—
Yanbian SMEs Credit Security Investment Company Limited ("Yanbian Credit Security")	61,496,752	—	—	5,817,925	—	—	(500,000)	—	66,814,677	—
Xinjiang Kanas Tourism Development Company Limited ("Kanas Tourism")	60,615,375	—	—	(3,470,699)	—	—	—	—	57,144,676	—
Longyan Makeng Mining Company Limited ("Longyan Makeng")	246,911,606	493,000,000	—	23,975,693	—	—	—	—	763,887,299	—



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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 10. LONG-TERM EQUITY INVESTMENTS *(continued)*

2014 *(continued)*

	Movements during the year								At 31 December 2014	Provision for impairment losses at 31 December 2014
	At 1 January 2014	Additions	Reductions	Income under the equity method	Other comprehensive income	Other changes in equity	Cash dividends declared by investee	Provision for impairment losses		
<b>Associates <i>(continued)</i></b>										
Songpan Zijin Trade and Industry Company Limited ("Songpan Zijin")	39,249,785	—	—	—	—	—	—	—	39,249,785	—
Wancheng Commercial Tibet Yulong Copper Company Limited ("Tibet Yulong")	157,191,080	—	—	23,021,853	—	—	(19,000,000)	—	161,212,933	—
Xinjiang Tianlong Mining Company Limited ("Xinjiang Tianlong")	99,709,073	—	—	21,822,925	—	—	—	—	121,531,998	—
Xinjiang Wuxin Copper Company Limited ("Wuxin Copper")	410,177,031	—	—	(15,662,119)	—	—	—	—	394,514,912	—
Luoyang Huayin Guarantee Investment Company Limited ("Luoyang Huayin")	271,421,017	—	—	(56,607,887)	—	—	—	—	214,813,130	—
Luoyang Huayin Guarantee Investment Company Limited ("Luoyang Huayin")	1,806,463	—	—	—	—	—	—	—	1,806,463	—
Xiamen Modern Terminal Company Limited ("Xiamen Modern Terminal")	120,055,195	—	—	4,612,010	—	—	—	—	124,667,205	—
Wengfu Zijin Chemical Industry Company Limited ("Wengfu Zijin")	304,000,000	—	—	110,270	—	—	—	—	304,110,270	—
Zijin Tongguan Kuitun Yutong Logistics Company Limited ("Kuitun Yutong")	324,294,272	—	—	(5,280,344)	—	—	—	—	319,013,928	(162,757,584)
Kuitun Yutong Logistics Company Limited ("Kuitun Yutong")	1,000,000	—	—	—	—	—	—	—	1,000,000	—
Longyan Zijin AVIC Real Estate Development Company Limited ("Longyan Zijin AVIC")	10,000,000	—	—	(7,956,736)	—	—	—	—	2,043,264	—
NKWE Platinum Limited ("NKWE")	—	130,945,709	—	(6,404,922)	4,168,915	—	—	—	128,709,702	—
Subtotal	2,587,559,182	623,945,709	—	11,667,546	4,168,915	—	(38,232,000)	—	3,189,109,352	(162,757,584)
Total	4,679,157,936	723,945,709	—	(13,675,653)	4,168,915	—	(47,246,700)	—	5,346,350,207	(175,108,439)

# Notes to Financial Statements (continued)

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 10. LONG-TERM EQUITY INVESTMENTS (continued)

2013

	Movements during the year									At 31 December 2013	Provision for impairment losses at 31 December 2013
	At 1 January 2013	Additions	Reductions	Income under the equity method	Other comprehensive income	Other changes in equity	Cash dividends declared by investee	Provision for impairment losses	Others		
<b>Joint Ventures</b>											
Shandong Guoda	166,036,636	—	—	16,808,145	—	—	—	—	—	182,844,781	(12,350,855)
Xiamen Zijin Zhonghang	124,220,641	—	—	(8,452,503)	—	—	—	—	—	115,768,138	—
Xinjiang Aletai Zijin Tebian Company Limited	18,710,152	—	(20,000,000)	1,289,848	—	—	—	—	—	—	—
Gold Eagle Mining	1,196,478,397	—	—	(21,325,623)	—	—	—	—	—	1,175,152,774	—
Southwest Zijin Gold	—	25,000,000	—	(1,577,422)	—	—	—	—	—	23,422,578	—
Gold Mountains Sprott	—	3,689	—	1,104,809	—	—	—	—	—	1,108,498	—
Sprott-Zijin Mining Fund	—	609,690,000	—	(27,273,000)	—	—	—	—	—	582,417,000	—
Fujian Longhu Fishery	—	11,000,000	—	(115,015)	—	—	—	—	—	10,884,985	—
Subtotal	1,505,445,826	645,693,689	(20,000,000)	(39,540,761)	—	—	—	—	—	2,091,598,754	(12,350,855)
<b>Associates</b>											
Tingjiang Hydro Power	39,807,084	—	—	3,921,163	—	—	—	—	—	43,728,247	—
Wuping Zijin Hydro Power	38,372,041	—	—	4,743,607	—	—	—	—	—	43,115,648	—
Qinghai Copper	48,000,000	—	—	—	—	—	—	—	—	48,000,000	—
Haixia Technology	171,769,552	—	—	32,771,827	—	—	(9,660,495)	—	—	194,880,884	—
Shanghai Xinyuan	114,042,512	—	—	10,443	—	—	—	—	—	114,052,955	—
Hunchun Jindi	36,100,369	—	—	(246,570)	—	—	—	—	—	35,853,799	—
Yanbian Credit Security	59,882,746	—	—	2,614,006	—	—	(1,000,000)	—	—	61,496,752	—
Kanas Tourism	63,693,219	—	—	432,156	—	—	(3,510,000)	—	—	60,615,375	—
Longyan Makeng	213,749,497	25,200,000	—	33,162,109	—	—	(25,200,000)	—	—	246,911,606	—
Songpan Zijin	39,249,785	—	—	—	—	—	—	—	—	39,249,785	—
Wancheng Commercial	146,290,458	13,205,000	—	74,892,622	—	—	(77,197,000)	—	—	157,191,080	—
Tibet Yulong	82,421,305	—	—	17,287,768	—	—	—	—	—	99,709,073	—
Xinjiang Tianlong	418,327,815	—	—	(8,150,784)	—	—	—	—	—	410,177,031	—
Wuxin Copper	264,886,525	13,600,000	—	(7,065,508)	—	—	—	—	—	271,421,017	—
Luoyang Huayin	1,806,463	—	—	—	—	—	—	—	—	1,806,463	—
Xiamen Modern Terminal	117,260,402	—	—	2,794,793	—	—	—	—	—	120,055,195	—
Casa Mining	42,142,585	—	—	—	—	—	—	—	(42,142,585)	—	—
Solantera Resources	9,415,445	—	—	(1,643,688)	—	—	—	—	(7,771,757)	—	—
Wengfu Zijin	190,000,000	114,000,000	—	—	—	—	—	—	—	304,000,000	—
Zijin Tongguan	499,494,257	—	—	(12,442,401)	—	—	—	(162,757,584)	—	324,294,272	(162,757,584)
Kuitun Yutong	1,000,000	—	—	—	—	—	—	—	—	1,000,000	—
Longyan Zijin AVIC	—	10,000,000	—	—	—	—	—	—	—	10,000,000	—
Subtotal	2,597,712,060	176,005,000	—	143,081,543	—	—	(116,567,495)	(162,757,584)	(49,914,342)	2,587,559,182	(162,757,584)
Total	4,103,157,886	821,698,689	(20,000,000)	103,540,782	—	—	(116,567,495)	(162,757,584)	(49,914,342)	4,679,157,936	(175,108,439)

# Notes to Financial Statements *(continued)*

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 10. LONG-TERM EQUITY INVESTMENTS *(continued)*

Movements of provision for impairment losses of long-term equity investments:

2014	At 1 January 2014	Additions	Reductions	At 31 December 2014
Joint venture-Shandong Guoda	12,350,855	—	—	12,350,855
Associate-Zijin Tongguan	162,757,584	—	—	162,757,584
	<b>175,108,439</b>	—	—	<b>175,108,439</b>

2013	At 1 January 2013	Additions	Reductions	At 31 December 2013
Joint venture-Shandong Guoda	12,350,855	—	—	12,350,855
Associate-Zijin Tongguan	—	162,757,584	—	162,757,584
	12,350,855	162,757,584	—	175,108,439

### 11. INVESTMENT PROPERTIES

Buildings subsequently measured at cost:

	2014	2013
Cost		
At 1 January	<b>129,070,324</b>	62,627,049
Purchase	—	—
Transfer from construction in progress	<b>66,516,788</b>	66,443,275
At 31 December	<b>195,587,112</b>	129,070,324
Accumulated depreciation		
At 1 January	<b>16,626,053</b>	13,561,533
Depreciation for the year	<b>4,676,364</b>	3,064,520
At 31 December	<b>21,302,417</b>	16,626,053
Provision for impairment loss		
At 1 January and 31 December	—	—
Net book value		
At 31 December	<b>174,284,695</b>	112,444,271
At 1 January	<b>112,444,271</b>	49,065,516

The investment properties were leased to third parties under operating leases.

\* The Group's investment properties are situated in Mainland China and are held under medium-term leases.

As at 31 December 2014, the amount of investment properties for which certificates of title have not been obtained is RMB65,979,111 (31 December 2013: Nil).

# Notes to Financial Statements *(continued)*

For the year ended 31 December 2014

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 12. FIXED ASSETS

2014

	Buildings	Mining assets	Power generating and transmission equipment	Plant, machinery and equipment	Motor vehicles	Furniture and fixtures and others	Total
<b>Cost</b>							
At 1 January 2014	5,557,273,827	10,480,924,830	930,690,699	8,417,397,010	767,487,485	322,623,660	26,476,397,511
Purchase additions	6,297,814	705,433,323	15,954,066	300,896,982	126,298,337	22,305,032	1,177,185,554
Transfer from construction in progress	700,142,218	3,505,601,323	203,421,051	1,918,359,125	3,409,128	22,974,345	6,353,907,190
Business combination not under common control	59,954,461	350,107,622	22,047,234	76,346,530	8,117,619	12,075,119	528,648,585
Disposals or write off	(110,440,702)	(369,792,572)	(39,758,866)	(288,543,710)	(130,722,437)	(20,106,412)	(959,364,699)
At 31 December 2014	6,213,227,618	14,672,274,526	1,132,354,184	10,424,455,937	774,590,132	359,871,744	33,576,774,141
<b>Accumulated depreciation</b>							
At 1 January 2014	872,694,800	2,540,065,231	334,993,012	2,487,136,659	408,361,659	162,839,664	6,806,091,025
Depreciation for the year	283,620,133	769,020,791	79,273,354	820,132,475	79,592,936	32,499,843	2,064,139,532
Business combination not under common control	15,069,725	64,314,909	7,573,148	27,349,817	5,383,313	5,392,341	125,083,253
Disposals or write off	(22,033,795)	(258,574,685)	(29,788,641)	(139,427,646)	(67,051,211)	(15,161,370)	(532,037,348)
At 31 December 2014	1,149,350,863	3,114,826,246	392,050,873	3,195,191,305	426,286,697	185,570,478	8,463,276,462
<b>Impairment</b>							
At 1 January 2014	42,804,831	206,291,589	2,460,845	61,922,782	2,496,440	999,448	316,975,935
Impairment provided for the year	495,085	17,145,900	491,108	2,160,133	489,931	245	20,782,402
Disposals or write off	(40,327,431)	(161,263,960)	(1,425,335)	(21,284,466)	(2,485,640)	(998,450)	(227,785,282)
At 31 December 2014	2,972,485	62,173,529	1,526,618	42,798,449	500,731	1,243	109,973,055
<b>Net book value</b>							
At 31 December 2014	5,060,904,270	11,495,274,751	738,776,693	7,186,466,183	347,802,704	174,300,023	25,003,524,624
At 1 January 2014	4,641,774,196	7,734,568,010	593,236,842	5,868,337,569	356,629,386	158,784,548	19,353,330,551

# Notes to Financial Statements *(continued)*

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 12. FIXED ASSETS *(continued)*

2013

	Buildings	Mining assets	Power generating and transmission equipment	Plant, machinery and equipment	Motor vehicles	Furniture and fixtures and others	Total
<b>Cost</b>							
At 1 January 2013	4,352,897,141	8,643,740,303	766,916,338	6,085,689,935	712,917,250	252,763,467	20,814,924,434
Purchase additions	313,046	70,129,000	71,555,455	201,038,497	100,928,000	63,276,307	507,240,305
Business combination not under common control	—	—	—	30,635,587	1,676,403	—	32,311,990
Transfer from construction in progress	1,239,040,795	1,885,228,706	104,317,637	2,250,637,470	—	16,895,612	5,496,120,220
Disposals or write off	(34,977,155)	(118,173,179)	(12,098,731)	(150,604,479)	(48,034,168)	(10,311,726)	(374,199,438)
At 31 December 2013	5,557,273,827	10,480,924,830	930,690,699	8,417,397,010	767,487,485	322,623,660	26,476,397,511
<b>Accumulated depreciation</b>							
At 1 January 2013	588,418,381	1,964,637,516	262,362,887	1,793,415,454	338,417,037	135,373,197	5,082,624,472
Depreciation for the year	291,371,167	641,430,135	80,456,026	726,020,306	92,824,653	37,024,495	1,869,126,782
Business combination not under common control	—	—	—	17,620,861	911,137	—	18,531,998
Disposals or write off	(7,094,748)	(66,002,420)	(7,825,901)	(49,919,962)	(23,791,168)	(9,558,028)	(164,192,227)
At 31 December 2013	872,694,800	2,540,065,231	334,993,012	2,487,136,659	408,361,659	162,839,664	6,806,091,025
<b>Impairment</b>							
At 1 January 2013	776,559	106,697,149	—	29,364,499	—	—	136,838,207
Impairment provided for the year	42,028,272	99,594,440	2,460,845	32,617,591	2,496,440	999,448	180,197,036
Disposals or write off	—	—	—	(59,308)	—	—	(59,308)
At 31 December 2013	42,804,831	206,291,589	2,460,845	61,922,782	2,496,440	999,448	316,975,935
<b>Net book value</b>							
At 31 December 2013	4,641,774,196	7,734,568,010	593,236,842	5,868,337,569	356,629,386	158,784,548	19,353,330,551
At 1 January 2013	3,763,702,201	6,572,405,638	504,553,451	4,262,909,982	374,500,213	117,390,270	15,595,461,755



# Notes to Financial Statements *(continued)*

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 12. FIXED ASSETS *(continued)*

Fixed assets that are fully depreciated but still in use are as follows:

	2014		2013	
	Cost	Net book value	Cost	Net book value
Buildings	11,182,151	50,268	8,074,145	909,572
Mining assets	722,350,586	2,427,789	556,501,523	2,309,133
Power generating and transmission equipment	30,365,996	1,013,175	23,102,314	2,735,989
Plant, machinery and equipment	360,710,215	11,122,829	167,283,439	7,220,156
Motor vehicles	99,392,518	3,492,365	47,622,760	4,900,289
Furniture and fixtures and others	70,899,770	2,478,713	55,655,409	3,918,763
	<b>1,294,901,236</b>	<b>20,585,139</b>	858,239,590	21,993,902

Fixed assets that are temporarily idle are as follows:

#### 2014

	Cost	Accumulated depreciation	Impairment	Net book value
Buildings	27,579,743	(7,768,563)	(1,570,564)	18,240,616
Mining assets	33,420,652	(8,912,864)	(1,801,281)	22,706,507
Plant, machinery and equipment	103,293,120	(49,165,415)	(12,674,342)	41,453,363
Motor vehicles	9,181,124	(5,044,103)	(448,888)	3,688,133
Power generating and transmission equipment	7,440,585	(3,021,419)	(615,497)	3,803,669
Furniture and fixtures and others	3,285,361	(1,159,460)	(1,063)	2,124,838
	<b>184,200,585</b>	<b>(75,071,824)</b>	<b>(17,111,635)</b>	<b>92,017,126</b>

#### 2013

	Cost	Accumulated depreciation	Impairment	Net book value
Buildings	14,074,510	(5,774,951)	—	8,299,559
Mining assets	6,883,165	(3,999,902)	—	2,883,263
Plant, machinery and equipment	43,433,984	(18,715,969)	(13,975,503)	10,742,512
Furniture and fixtures and others	196,926	(113,975)	—	82,951
Power generating and transmission equipment	1,436,023	(496,500)	—	939,523
	66,024,608	(29,101,297)	(13,975,503)	22,947,808

## Notes to Financial Statements *(continued)*

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 12. FIXED ASSETS *(continued)*

Fixed assets leased under finance leases are as follows:

##### 2014

	Cost	Accumulated depreciation	Impairment	Net book value
Plant, machinery and equipment	4,040,000	(133,264)	—	3,906,736
Motor vehicles	3,342,888	(569,370)	—	2,773,518
	<b>7,382,888</b>	<b>(702,634)</b>	—	<b>6,680,254</b>

There were no fixed assets of the Group leased out under finance leases.

Fixed assets of which certificates of title have not been obtained are as follows:

Item	As at 31 December 2014 Net book value	As at 31 December 2013 Net book value	Reasons why certificates of title have not been obtained
Buildings	714,631,597	630,048,059	In the process of applying
Mining assets	858,144,512	855,424,041	In the process of applying
	<b>1,572,776,109</b>	1,485,472,100	

#### 13. CONSTRUCTION IN PROGRESS

2014			2013		
Cost	Impairment	Net book value	Cost	Impairment	Net book value
7,969,374,135	(4,588,984)	7,964,785,151	10,087,509,256	(101,308,644)	9,986,200,612

# Notes to Financial Statements (continued)

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 13. CONSTRUCTION IN PROGRESS (continued)

The movements of important construction in progress in 2014 are as follows:

	Budget	At 1 January 2014	Additions	Transferred to fixed assets	Other reductions	At 31 December 2014	Contribution in budget	Progress of construction	Balance of capitalised borrowing cost as at 31 December 2014	Including: capitalised interest for the year	Interest rate of capitalisation (%)	Source of funds
Russia Longxing infrastructure project	2,496,500,000	2,092,490,089	581,620,484	—	—	2,674,110,573	106%	99%	252,736,075	95,167,857	5.51-8.00	Loan/Equity Fund
Altyrken infrastructure project	1,489,177,700	473,907,040	634,371,019	—	—	1,108,278,059	74%	89%	77,402,915	49,376,349	12.00	Loan/Equity Fund
Hunchun infrastructure project	1,830,502,600	394,547,191	726,490,081	(220,925,917)	(8,801,014)	891,310,341	63%	67%	10,597,969	10,597,969	3.50-6.00	Loan/Equity Fund
Zijinshan Gold and Copper Mine joint open pit mining project	1,983,553,517	364,043,336	413,998,672	(236,898,587)	—	541,143,421	83%	61%	—	—	N/A	Equity Fund
Jinzhao Iron infrastructure project	2,104,130,500	1,653,432,510	375,846,654	(1,924,207,406)	(33,090,286)	71,981,472	96%	98%	169,452	21,699,317	5.70-6.60	Loan/Equity Fund
Others	10,034,463,516	5,109,089,090	1,716,895,076	(3,971,875,280)	(171,558,617)	2,682,550,269	N/A	N/A	230,151,427	322,568,676	N/A	Equity Fund/Loan
	19,938,327,833	10,087,509,256	4,449,221,986	(6,353,907,190)	(213,449,917)	7,969,374,135			571,058,438	499,410,168		
Impairment		(101,308,644)				(4,588,984)						
		9,986,200,612				7,964,785,151						

## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 13. CONSTRUCTION IN PROGRESS (continued)

The movements of important construction in progress in 2013 are as follows:

	Budget	At 1 January 2013	Additions	Transferred to fixed assets	Other reductions	At 31 December 2013	Contribution in budget	Progress of construction	Balance of capitalised borrowing cost as at 31 December 2013	Including: capitalised interest for the year	Interest rate of capitalisation (%)	Source of funds
Russia Longxing infrastructure project	2,520,000,000	1,294,843,599	797,646,490	—	—	2,092,490,089	83%	87%	157,568,818	137,092,106	5.56-8.00	Loan/Equity Fund
Jinhao Iron infrastructure project	2,134,312,300	454,165,965	1,429,303,407	(230,036,862)	—	1,653,432,510	123%	94%	8,598,890	9,071,747	6.00	Equity Fund
Wulate Zijin infrastructure project	1,231,000,000	754,881,043	492,356,438	(10,690,955)	—	1,236,546,526	140%	92%	70,366,304	50,836,544	5.30-6.44	Loan/Equity Fund
ZoC infrastructure project	1,411,800,000	656,671,359	1,061,495,030	(780,984,199)	(23,020,361)	914,161,829	75%	99%	94,731,934	94,731,934	8.00-10.00	Loan/Equity Fund
Bayanmaoer Zijin infrastructure project	1,350,000,000	500,959,975	271,189,853	(134,330,122)	—	637,819,706	158%	99%	41,555,105	23,136,104	6.52	Loan/Equity Fund
Others	17,837,718,745	4,824,551,118	3,266,690,003	(4,340,078,082)	(198,104,443)	3,553,058,596	N/A	N/A	85,219,379	88,079,635	N/A	Equity Fund/Loan
	26,484,831,045	8,486,073,059	7,318,681,221	(5,496,120,220)	(221,124,804)	10,087,509,256			458,040,430	402,948,070		
Impairment		(91,469,555)				(101,308,644)						
		8,394,603,506				9,986,200,612						

# Notes to Financial Statements *(continued)*

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 13. CONSTRUCTION IN PROGRESS *(continued)*

Movements in impairment provision of construction in progress:

2014	At 1 January 2014	Additions	Reductions	At 31 December 2014	Reasons for provision
Chongli Zijin infrastructure project	227,165	—	—	227,165	Expected recoverable amount less than carrying amount
Longkou Jintai infrastructure project	91,469,553	—	(91,469,553)	—	Note 2
Xinjiang Jinbao infrastructure project	3,649,228	—	—	3,649,228	Suspension of construction
Hunchun Zijin infrastructure project	5,250,107	—	(5,250,107)	—	Note 2
Others	712,591	—	—	712,591	Expected recoverable amount less than carrying amount
	101,308,644	—	(96,719,660)	4,588,984	



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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 13. CONSTRUCTION IN PROGRESS *(continued)*

2013	At 1 January 2013	Additions	Reductions	At 31 December 2013	Reasons for provision
Chongli Zijin infrastructure project	—	227,165	—	227,165	Expected recoverable amount less than carrying amount
Longkou Jintai infrastructure project	91,469,553	—	—	91,469,553	Note 1
Xinjiang Jinbao infrastructure project	—	3,649,228	—	3,649,228	Suspension of construction
Hunchun Zijin infrastructure project	—	5,250,107	—	5,250,107	Expected recoverable amount less than carrying amount
Others	—	712,591	—	712,591	Expected recoverable amount less than carrying amount
	91,469,553	9,839,091	—	101,308,644	

Note 1: Pursuant to the exploration results, part of the underground tunnels in mines could not be used for profit making. Thus, an impairment provision was made by the Group for the relevant parts.

Note 2: In the current year, the Group disposed the subsidiaries related to the above constructions, and thus wrote off the impairment provision made in prior year.

#### 14. CONSTRUCTION MATERIALS

	2014	2013
Dedicated materials	<b>82,679,821</b>	60,670,467
Dedicated equipment	<b>191,332,189</b>	129,026,052
	<b>274,012,010</b>	189,696,519

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 15. INTANGIBLE ASSETS

2014

	Exploration and mining rights	Land use rights	Membership of Shanghai Gold Exchange and others	Total
Cost				
At 1 January 2014	9,035,548,281	1,331,127,403	170,545,238	10,537,220,922
Purchase additions	418,828,119	71,617,594	11,457,755	501,903,468
Business combination not under common control	796,251,691	155,538,872	260,750	952,051,313
Other additions	39,408,748	—	—	39,408,748
Disposals or write off	(337,260,339)	(10,009,332)	—	(347,269,671)
At 31 December 2014	9,952,776,500	1,548,274,537	182,263,743	11,683,314,780
Accumulated amortisation				
At 1 January 2014	1,223,948,749	147,761,972	15,751,639	1,387,462,360
Amortisation provided for the year	302,535,281	45,702,413	2,594,906	350,832,600
Business combination not under common control	82,715,785	13,751,859	260,750	96,728,394
Disposals or write off	(36,080,824)	(2,456,071)	—	(38,536,895)
At 31 December 2014	1,573,118,991	204,760,173	18,607,295	1,796,486,459
Impairment				
At 1 January 2014	576,267,938	—	75,170,307	651,438,245
Impairment provided for the year (note1)	23,280,000	—	—	23,280,000
Disposals or write off (note2)	(173,024,004)	—	—	(173,024,004)
At 31 December 2014	426,523,934	—	75,170,307	501,694,241
Net book value				
At 31 December 2014	7,953,133,575	1,343,514,364	88,486,141	9,385,134,080
At 1 January 2014	7,235,331,594	1,183,365,431	79,623,292	8,498,320,317

Note 1: Pursuant to the exploration results of the Group in 2014, the mineral reserve of Shandong Longkou Jinfeng Company Limited ("Longkou Jinfeng") and Longyan City Taixin Resources Development Company Limited probably cannot be explored continuously. Thus, an impairment provision of RMB20,000,000 and RMB3,280,000 was provided for exploration rights respectively.

Note 2: Mongolia Tianhong, Longkou Jinfeng and Longkou Jintai Gold Company Limited ("Longkou Jintai") were disposed which led to the write-off for impairment of RMB44,014,711, RMB61,615,712 and RMB67,393,581 respectively.

# Notes to Financial Statements *(continued)*

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 15. INTANGIBLE ASSETS *(continued)*

2013

	Exploration and mining rights	Land use rights	Membership of Shanghai Gold Exchange and others	Total
<b>Cost</b>				
At 1 January 2013	8,868,481,838	1,122,664,668	146,430,259	10,137,576,765
Purchase additions	181,398,141	208,462,735	25,844,979	415,705,855
Disposals or write off	(14,331,698)	—	(1,730,000)	(16,061,698)
<b>At 31 December 2013</b>	<b>9,035,548,281</b>	<b>1,331,127,403</b>	<b>170,545,238</b>	<b>10,537,220,922</b>
<b>Accumulated amortisation</b>				
At 1 January 2013	923,444,682	102,679,090	15,466,886	1,041,590,658
Amortisation provided for the year	305,313,115	45,082,882	284,753	350,680,750
Disposals or write off	(4,809,048)	—	—	(4,809,048)
<b>At 31 December 2013</b>	<b>1,223,948,749</b>	<b>147,761,972</b>	<b>15,751,639</b>	<b>1,387,462,360</b>
<b>Impairment</b>				
At 1 January 2013	532,253,227	—	27,815,000	560,068,227
Impairment provided for the year (Note 1 and 2)	44,014,711	—	47,355,307	91,370,018
<b>At 31 December 2013</b>	<b>576,267,938</b>	<b>—</b>	<b>75,170,307</b>	<b>651,438,245</b>
<b>Net book value</b>				
At 31 December 2013	7,235,331,594	1,183,365,431	79,623,292	8,498,320,317
At 1 January 2013	7,412,783,929	1,019,985,578	103,148,373	8,535,917,880

Note 1: Pursuant to the exploration results in 2013, the mineral reserve of Mongolia Tianhong probably cannot be exploited continuously. Thus, an impairment provision of RMB44,014,711 was provided for mining rights in 2013.

Note 2: As at 31 December 2013, the expected proceeds relating to the exclusive fishing rights of Yongding Zijin Longhu Ecological Industry Development Company Limited decreased. As a result, an impairment provision was provided for the exclusive fishing rights.

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 15. INTANGIBLE ASSETS *(continued)*

As at 31 December 2014, the intangible assets of the Group under restriction amounted to RMB20,847,021 (31 December 2013: Nil), which were contributed by the mortgage amounted to RMB20,000,000 of the subsidiary Kuitun Tongguan Metallurgical Chemical Company Limited ("Kuitun Tongguan"), with its land use rights having a net book value of RMB20,847,021 pledged as collateral. The borrowing period is one year from December 2014 to December 2015.

Land use rights which certificates of title have not been obtained as at 31 December 2014 are as follows:

	<b>Net book value</b>	<b>Reason</b>
Land beside the Zijin Avenue	2,444,572	The actual measurement of the Government land allocation was not consistent with the paper, the formalities need to be made up and the status was still in process
Land use rights of the comprehensive utilisation of copper resources	16,656,951	In progress
Land use rights of Duobaoshan (explosive storage, management and living areas)	599,192,261	The land-transferring fees were not paid completely, registered already (temporary license)
Newly added land of factory area in Hunchun Duojinshu	3,148,418	In progress
Living areas of Hunchun Duojinshu	7,050,742	In progress

\* Land use rights are situated in Mainland China and held under medium-term leases.

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 16. GOODWILL

2014

	At 1 January 2014	Additions	Reductions	At 31 December 2014
		Business combination not under common control	Disposal	
Xinjiang Ashele	12,906,890	—	—	12,906,890
Qinghai West	455,874	—	—	455,874
Hunchun Zijin	71,099,520	—	—	71,099,520
Yunnan Huaxi Mineral Resources Company Limited ("Yunnan Huaxi")	33,161,050	—	—	33,161,050
Zijin Mining Group (Xiamen) Investment Company Limited ("Xiamen Zijin")	1,241,101	—	—	1,241,101
Shanxi Zijin Mining Company Limited ("Shanxi Zijin")	2,503,610	—	—	2,503,610
Longkou Jintai	14,291,025	—	(14,291,025)	—
Xinyi Zijin Mining Company Limited ("Xinyi Zijin")	44,319,632	—	—	44,319,632
Longkou Jinye	3,106,883	—	(3,106,883)	—
Longkou Jinfeng	5,550,718	—	(5,550,718)	—
Norton Gold Fields Ltd. ("Norton Gold Fields")	157,778,981	—	—	157,778,981
Wulatehouqi Zijin Mining Company Limited ("Wulate Zijin")	119,097,944	—	—	119,097,944
Bayannaoer Zijin Non-ferrous Metal Company Limited ("Bayannaoer Zijin")	14,531,538	—	—	14,531,538
Zijin Copper	4,340,000	—	—	4,340,000
Sino Trend Hydro Power Investment Limited ("Sino Trend Hydro Power")	79,642,197	—	—	79,642,197
	<b>564,026,963</b>	<b>—</b>	<b>(22,948,626)</b>	<b>541,078,337</b>



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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 16. GOODWILL *(continued)*

2013

	At 1 January 2013	Additions	Reductions	At 31 December 2013
		Business combination not under common control	Disposal	
Xinjiang Ashele	12,906,890	—	—	12,906,890
Qinghai West	455,874	—	—	455,874
Hunchun Zijin	71,099,520	—	—	71,099,520
Yunnan Huaxi	33,161,050	—	—	33,161,050
Xiamen Zijin	1,241,101	—	—	1,241,101
Shanxi Zijin	2,503,610	—	—	2,503,610
Longkou Jintai	14,291,025	—	—	14,291,025
Xinyi Zijin	44,319,632	—	—	44,319,632
Longkou Jinye	3,106,883	—	—	3,106,883
Longkou Jinfeng	5,550,718	—	—	5,550,718
Norton Gold Fields	157,778,981	—	—	157,778,981
Wulate Zijin	119,097,944	—	—	119,097,944
Bayannaoer Zijin	14,531,538	—	—	14,531,538
Zijin Copper	4,340,000	—	—	4,340,000
Sino Trend Hydro Power	79,642,197	—	—	79,642,197
	564,026,963	—	—	564,026,963

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 16. GOODWILL *(continued)*

Changes in the impairment of goodwill are as follows:

#### 2014

	At 1 January 2014	Additions	Reductions	At 31 December 2014
		Provision	Disposal	
Longkou Jintai	14,291,025	—	(14,291,025)	—
Xinyi Zijin	44,319,632	—	—	44,319,632
Longkou Jinye	3,106,883	—	(3,106,883)	—
Longkou Jinfeng	5,550,718	—	(5,550,718)	—
	<b>67,268,258</b>	<b>—</b>	<b>(22,948,626)</b>	<b>44,319,632</b>

#### 2013

	At 1 January 2013	Additions	Reductions	At 31 December 2013
		Provision	Disposal	
Longkou Jintai	14,291,025	—	—	14,291,025
Xinyi Zijin	44,319,632	—	—	44,319,632
Longkou Jinye	3,106,883	—	—	3,106,883
Longkou Jinfeng	5,550,718	—	—	5,550,718
	<b>67,268,258</b>	<b>—</b>	<b>—</b>	<b>67,268,258</b>

Goodwill arising from business combinations has been allocated to the following asset groups for impairment testing:

- Gold bullion asset group
- Zinc bullion asset group
- Processed gold asset group
- Ore concentrates asset group
- Hydro power asset group

The recoverable amounts of the above asset groups have been determined based on the present value of expected future cash flows. The future cash flows projections are based on the cash flows of financial budgets covering a three-year period approved by management. The pre-tax discount rates applied to cash flows projections ranged from 12% to 24% (2013: 11% to 26%) and cash flows beyond the three-year period are extrapolated using an inflation rate of 3% (2013: 3%). Pursuant to the upstream mineral products' price and cost characteristics, which are insignificantly influenced by inflation, management considered that the forecast assumptions are appropriate.

# Notes to Financial Statements *(continued)*

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 16. GOODWILL *(continued)*

The carrying amount of goodwill allocated to relevant asset group is as follows:

	Gold bullion	Zinc bullion	Processed gold	Ore concentrates	Hydro power	Total
2014	—	14,531,538	1,241,101	445,663,501	79,642,197	541,078,337
2013	14,291,025	14,531,538	1,241,101	454,321,102	79,642,197	564,026,963

Assumptions are used in the present value of cash flows projections for 31 December 2014 and 31 December 2013. Details of the key assumptions which are used by management for impairment testing of goodwill in the cash flow forecast are as follows:

Gross margins -	The basis used to determine the value assigned to the future gross margins is the average gross margins achieved in the year immediately before the budget year, adjusting according to expected efficiency variance and expected fluctuation of market metal price.
Discount rates -	The discount rates used reflect the discount rate before tax of specific risks relating to the relevant asset group.
Raw materials - price inflation	The basis used to determine the value assigned to raw materials price inflation is the forecasted price indices of the domestic and overseas raw materials during the budget year.

The values of key assumptions allocated to mineral products of sales price, discount rates and raw materials price inflation are consistent with external sources of information.

### 17. LONG-TERM DEFERRED ASSETS

#### 2014

	At 1 January	Additions	Amortisation	Other reductions	At 31 December
Land compensation cost (Note 1)	194,955,156	21,347,968	(20,546,489)	—	195,756,635
Others (Note 2)	898,752,089	281,386,098	(210,268,399)	(39,534,247)	930,335,541
	1,093,707,245	302,734,066	(230,814,888)	(39,534,247)	1,126,092,176

#### 2013

	At 1 January	Additions	Amortisation	Other reductions	At 31 December
Land compensation cost (Note 1)	225,363,690	1,477,666	(25,108,876)	(6,777,324)	194,955,156
Others (Note 2)	574,741,012	451,277,721	(127,266,644)	—	898,752,089
	800,104,702	452,755,387	(152,375,520)	(6,777,324)	1,093,707,245

Note 1: The land compensation costs related to the compensation for the occupation of forest lands at mining sites. The amortisation period ranges from 5 to 50 years.

Note 2: As at 31 December 2014 and 31 December 2013, other long-term deferred assets mainly includes: mining shaft development expenditure of RMB183,737,490 and RMB192,259,471, respectively; highway charges of RMB54,063,028 and RMB69,336,094, respectively; amortisation cost of bi-polar plates of RMB216,268,285 and RMB203,319,150, respectively; resource integration fee of RMB24,196,563 and RMB29,188,474, respectively; forest compensation expenditure of RMB214,107,104 and RMB155,817,218, respectively, and reconstruction of power supply lines of RMB23,363,411 and RMB24,092,711, respectively. The useful lives of bi-polar plates are 18 months, and the amortisation period of other long-term deferred assets ranges from 5 to 50 years.

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 18. DEFERRED TAX ASSETS/LIABILITIES

	2014		2013	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deferred tax assets				
Impairment provision	424,144,311	106,036,078	524,959,042	163,816,389
Elimination of unrealised profit	322,839,683	80,709,921	320,533,924	80,133,481
Deductible losses	1,867,923,606	466,980,901	1,731,689,955	452,860,455
Differences in depreciation policies	131,778,563	32,944,640	35,792,400	8,948,100
Changes in the fair value of available for-sale investments	—	—	102,585,580	25,646,395
Expenses accrued but not yet paid and others	722,940,277	180,735,069	352,406,862	63,774,920
	<b>3,469,626,440</b>	<b>867,406,609</b>	3,067,967,763	795,179,740

As at 31 December 2014, deferred tax assets generated from the above deductible temporary differences are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

	2014		2013	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Deferred tax liabilities				
Fair value adjustments arising from business combination not under common control	1,726,034,871	429,999,876	1,350,122,347	337,530,587
Changes in fair value of financial liabilities at fair value through profit or loss	73,575,639	18,393,910	79,937,704	19,984,426
Differences in amortisation policies for exploration and evaluation costs	483,138,843	144,941,653	286,739,650	86,021,895
	<b>2,282,749,353</b>	<b>593,335,439</b>	1,716,799,701	443,536,908

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 18. DEFERRED TAX ASSETS/LIABILITIES *(continued)*

Deferred tax assets have not been recognised are as follows:

	2014	2013
Deductible temporary differences	<b>2,171,796,841</b>	1,385,388,057
Deductible tax losses	<b>1,675,816,544</b>	1,118,495,820
	<b>3,847,613,385</b>	2,503,883,877

Deductible losses with no deferred tax assets recognised will expire in the following years:

	2014	2013
2014	—	18,645,317
2015	<b>45,067,164</b>	45,067,164
2016	<b>96,990,502</b>	96,990,502
2017	<b>446,702,660</b>	446,702,660
2018	<b>511,090,177</b>	511,090,177
2019	<b>575,966,041</b>	—
	<b>1,675,816,544</b>	1,118,495,820

### 19. OTHER NON-CURRENT ASSETS

	2014	2013
Exploration and evaluation costs	<b>2,335,066,760</b>	1,902,797,527
Prepaid investment costs, prepayment for exploration and mining rights and others (Note 1)	<b>2,072,660,339</b>	1,160,391,703
	<b>4,407,727,099</b>	3,063,189,230

Note 1: The Group's balance of prepaid investment costs, prepayment for exploration and mining rights and others mainly comprised of prepayment for land use rights of RMB65,537,699 (2013: RMB77,363,293); prepaid exploration and mining rights of RMB36,027,579 (2013: RMB19,800,578); prepaid investment costs of RMB383,022,000 (2013: RMB357,370,000); prepayment for purchase of equipment of RMB128,831,419 (2013: RMB165,016,617); prepayment for purchase of Yongding Longhu integrated development rights of RMB204,962,108, accrued provision for impairment of RMB90,000,000 in 2014, the net amount after provision was RMB114,962,108 (2013: cost and net book value were both RMB204,962,108); long-term receivables of RMB1,233,391,340 (2013: RMB175,436,756); deposit for restoration and improvement of ecological environment in mines of RMB98,329,440 (2013: RMB103,147,470).



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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 20. PROVISION FOR IMPAIRMENT OF ASSETS

2014

	At 1 January 2014	Additions	Reductions		At 31 December 2014
	Carrying amount				Carrying amount
			Reversal	Write-off	
Bad debt provision	175,047,373	84,714,957	(89,770)	(19,596,095)	240,076,465
<i>Including: Trade receivables</i>	<i>7,443,532</i>	<i>4,119,219</i>	<i>—</i>	<i>(7,427,107)</i>	<i>4,135,644</i>
<i>Other receivables</i>	<i>165,755,786</i>	<i>80,595,738</i>	<i>(89,770)</i>	<i>(12,101,316)</i>	<i>234,160,438</i>
<i>Prepayments</i>	<i>1,848,055</i>	<i>—</i>	<i>—</i>	<i>(67,672)</i>	<i>1,780,383</i>
Inventory provision	90,239,414	301,053,460	(186,252,858)	(74,708,201)	130,331,815
Impairment of available-for-sale investments	157,779,940	26,810,425	—	(76,261,483)	108,328,882
Impairment of long-term equity investments	175,108,439	—	—	—	175,108,439
Impairment of fixed assets	316,975,935	20,782,402	—	(227,785,282)	109,973,055
Impairment of construction in progress	101,308,644	—	—	(96,719,660)	4,588,984
Impairment of intangible assets	651,438,245	23,280,000	—	(173,024,004)	501,694,241
Impairment of goodwill	67,268,258	—	—	(22,948,626)	44,319,632
Impairment of other current assets	—	2,650,000	—	—	2,650,000
Impairment of other non-current assets	51,000,000	90,004,189	—	—	141,004,189
	<b>1,786,166,248</b>	<b>549,295,433</b>	<b>(186,342,628)</b>	<b>(691,043,351)</b>	<b>1,458,075,702</b>

2013

	At 1 January 2013	Additions	Reductions		At 31 December 2013
	Carrying amount				Carrying amount
			Reversal	Write-off	
Bad debt provision	17,270,164	161,832,006	—	(4,054,797)	175,047,373
<i>Including: Trade receivables</i>	<i>7,393,935</i>	<i>49,597</i>	<i>—</i>	<i>—</i>	<i>7,443,532</i>
<i>Other receivables</i>	<i>9,876,229</i>	<i>159,934,354</i>	<i>—</i>	<i>(4,054,797)</i>	<i>165,755,786</i>
<i>Prepayments</i>	<i>—</i>	<i>1,848,055</i>	<i>—</i>	<i>—</i>	<i>1,848,055</i>
Inventory provision	61,929,673	115,149,418	(47,727,666)	(39,112,011)	90,239,414
Impairment of available-for-sale investments	113,975,059	118,723,879	—	(74,918,998)	157,779,940
Impairment of long-term equity investments	12,350,855	162,757,584	—	—	175,108,439
Impairment of fixed assets	136,838,207	180,197,036	—	(59,308)	316,975,935
Impairment of construction in progress	91,469,553	9,839,091	—	—	101,308,644
Impairment of intangible assets	560,068,227	91,370,018	—	—	651,438,245
Impairment of goodwill	67,268,258	—	—	—	67,268,258
Impairment of other non-current assets	51,000,000	—	—	—	51,000,000
	<b>1,112,169,996</b>	<b>839,869,032</b>	<b>(47,727,666)</b>	<b>(118,145,114)</b>	<b>1,786,166,248</b>

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 21. SHORT-TERM BORROWINGS

	2014	2013
Unsecured and non-guaranteed loans	<b>4,531,121,572</b>	2,774,147,375
Secured loans with securities under the Group's custody (Note 1)	<b>20,000,000</b>	—
	<b>4,551,121,572</b>	2,774,147,375

Note 1: As at 31 December 2014, a land use right of RMB20,847,021 of Kuitun Tongguan, a subsidiary of the Company was pledged to secure a bank borrowing of RMB20,000,000 from Bank of China, Kuitun Branch, with a maturity of one year from December 2014 to December 2015. As at 31 December 2013, the Group had no secured bank loans.

As at 31 December 2014, the interest rates of the above borrowings ranged from 1.33% to 7.20% (31 December 2013: 1.16% to 7.80%).

As at 31 December 2014 and 31 December 2013, there were no short-term loans of the Group that were overdue but not yet repaid.

### 22. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014	2013
Held-for-trading financial liabilities		
Gold leasing business (Note 1)	<b>8,085,325,834</b>	5,665,210,229
Derivative financial liabilities (Note 2)	<b>512,212,666</b>	1,081,524,626
	<b>8,597,538,500</b>	6,746,734,855

Note 1: The Group financed through lease of gold from banks and subsequently sold through the Shanghai Gold Exchange. On maturity, the Group would return gold with the same quantity and specification purchased through the Shanghai Gold Exchange, and pay rental fees to banks. The maturity period was within 1 year. As at 31 December 2014, gains on changes in fair value of the financial liabilities were RMB403,482,327 (31 December 2013: Gains of RMB1,145,063,045).

Note 2: The Group has engaged in gold forward contracts in accordance with the quantity, specification and repayment terms of gold to be returned to banks in the future for the purpose of hedging certain risks arising from gold price fluctuation from the gold leasing business. As at 31 December 2014, losses on changes in fair value arising from derivative financial liabilities were RMB496,394,933 (31 December 2013: Losses of RMB1,012,324,249).

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 23. BILLS PAYABLE

	<b>2014</b>	2013
Bank acceptances	<b>282,976,147</b>	232,198,206
Commercial acceptances	—	49,450,000
	<b>282,976,147</b>	281,648,206

As at 31 December 2014, there was no bills payable that was due but unpaid (31 December 2013: Nil). As at 31 December 2014, bills payable of RMB282,976,147 would be due in 2015.

### 24. TRADE PAYABLES

\*An ageing analysis of the trade payables, based on the invoice dates, is as follows:

	<b>2014</b>	2013
Within 1 year	<b>3,798,019,773</b>	4,440,449,426
Over 1 year but within 2 years	<b>162,094,487</b>	107,080,663
Over 2 years but within 3 years	<b>20,381,490</b>	12,830,510
Over 3 years	<b>30,916,793</b>	33,163,932
	<b>4,011,412,543</b>	4,593,524,531

Trade payables are interest-free and are normally settled within three months.

As at 31 December 2014, there was no significant balance of trade payables aged more than one year (31 December 2013: Nil).

### 25. ADVANCES FROM CUSTOMERS

As at 31 December 2014, there was no significant balance of advances from customers aged more than one year (31 December 2013: Nil).

For the account balance, there was no settled but uncompleted project arising from construction contracts (31 December 2013: Nil).

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 26. EMPLOYEE BENEFITS PAYABLE

2014

	At 1 January	Additions	Reductions	At 31 December
Short-term employee benefits	308,922,801	2,446,183,134	(2,374,100,263)	381,005,672
Post-employment benefit plans (defined contribution plan)	9,419,802	184,462,159	(186,638,592)	7,243,369
Termination benefit	—	11,787,105	(11,787,105)	—
Other employee benefits within 1 year	3,081,925	12,707,113	(14,594,036)	1,195,002
	<b>321,424,528</b>	<b>2,655,139,511</b>	<b>(2,587,119,996)</b>	<b>389,444,043</b>

2013

	At 1 January	Additions	Reductions	At 31 December
Short-term employee benefits	307,435,958	2,268,824,122	(2,267,337,279)	308,922,801
Post-employment benefit plans (defined contribution plan)	8,709,436	145,466,144	(144,755,778)	9,419,802
Termination benefit	—	3,547,871	(3,547,871)	—
Other employee benefits within 1 year	1,971,353	5,815,267	(4,704,695)	3,081,925
	<b>318,116,747</b>	<b>2,423,653,404</b>	<b>(2,420,345,623)</b>	<b>321,424,528</b>

Short-term employee benefits are as follows:

2014

	At 1 January	Additions	Reductions	At 31 December
Wages or salaries, bonuses, allowances and subsidies	224,639,245	2,023,049,569	(1,945,268,155)	302,420,659
Staff welfare	—	164,967,217	(164,674,476)	292,741
Social security contributions	35,543	93,360,472	(93,296,365)	99,650
<i>Including: Medical insurance</i>	—	63,469,878	(63,768,435)	(298,557)
<i>Accident insurance</i>	35,543	23,745,776	(23,459,378)	321,941
<i>Maternity insurance</i>	—	6,144,818	(6,068,552)	76,266
Housing fund	2,318,317	85,233,473	(85,241,514)	2,310,276
Union running costs and employee education costs	34,376,671	58,928,798	(46,830,464)	46,475,005
Short-term compensated absence	—	17,265,082	(17,265,082)	—
Short-term profit-sharing plan (Note 1)	47,553,025	3,378,523	(21,524,207)	29,407,341
	<b>308,922,801</b>	<b>2,446,183,134</b>	<b>(2,374,100,263)</b>	<b>381,005,672</b>

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 26. EMPLOYEE BENEFITS PAYABLE *(continued)*

Short-term employee benefits are as follows: *(continued)*

2013

	At 1 January	Additions	Reductions	At 31 December
Wages or salaries, bonuses, allowances and subsidies	190,922,659	1,914,972,567	(1,881,255,981)	224,639,245
Staff welfare	13,622,480	124,094,295	(137,716,775)	—
Social security contribution	1,716,961	73,106,174	(74,787,592)	35,543
<i>Including: Medical insurance</i>	<i>92,563</i>	<i>50,319,203</i>	<i>(50,411,766)</i>	<i>—</i>
<i>Accident insurance</i>	<i>1,467,245</i>	<i>18,652,827</i>	<i>(20,084,529)</i>	<i>35,543</i>
<i>Maternity insurance</i>	<i>157,153</i>	<i>4,134,144</i>	<i>(4,291,297)</i>	<i>—</i>
Housing fund	1,540,765	79,362,455	(78,584,903)	2,318,317
Union running costs and employee education costs	24,610,058	56,806,051	(47,039,438)	34,376,671
Short-term compensated absence	—	16,342,733	(16,342,733)	—
Short-term profit-sharing plan (Note 1)	75,023,035	4,139,847	(31,609,857)	47,553,025
	<b>307,435,958</b>	<b>2,268,824,122</b>	<b>(2,267,337,279)</b>	<b>308,922,801</b>

Defined contribution plan is as follows:

2014

	At 1 January	Additions	Reductions	At 31 December
Basic pension insurance	<b>8,478,892</b>	<b>169,026,473</b>	<b>(171,168,762)</b>	<b>6,336,603</b>
Unemployment insurance	<b>940,910</b>	<b>15,435,686</b>	<b>(15,469,830)</b>	<b>906,766</b>
	<b>9,419,802</b>	<b>184,462,159</b>	<b>(186,638,592)</b>	<b>7,243,369</b>

2013

	At 1 January	Additions	Reductions	At 31 December
Basic pension insurance	7,185,523	132,656,324	(131,362,955)	8,478,892
Unemployment insurance	1,523,913	12,809,820	(13,392,823)	940,910
	<b>8,709,436</b>	<b>145,466,144</b>	<b>(144,755,778)</b>	<b>9,419,802</b>

Note 1: The short-term profit-sharing plan was determined by a certain percentage of the increased amount of the Group's net assets.



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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 27. TAXES PAYABLE

	2014	2013
Value-added tax	33,734,151	25,973,548
Business tax	13,903,385	12,234,744
Corporate income tax	274,957,068	525,085,171
Resource tax	88,047,593	95,533,126
Resource compensation fee	162,435,498	279,417,779
Others	82,994,161	76,556,413
	<b>656,071,856</b>	1,014,800,781

### 28. DIVIDENDS PAYABLE

	2014	2013
Guizhou Province Geology and Mineral Resources Exploration and Development Bureau Team 105	3,000,000	5,523,186
Guizhou Mineral Exploration Development Company	3,000,000	—
Zhenfeng County Industrial Investment Company Limited	2,000,000	—
China Gold Henan Company	4,373,320	—
Luoning County Funiu Mining Development Center	21,866,599	—
Others	1,698,251	11,157
	<b>35,938,170</b>	5,534,343

As at 31 December 2014, there was no balance of dividends payable aged more than one year.

### 29. OTHER PAYABLES

	2014	2013
Payables for construction work and equipment	1,221,970,221	1,219,059,425
Payables for exploration and mining rights	165,579,572	45,215,623
Donations payables	3,730,756	37,176,805
Amounts due to third parties	535,290,530	249,450,052
Withholding income tax	20,765,686	31,537,109
Deposit	227,981,898	224,416,432
Payables for investment costs	6,000,000	149,500,000
Payables for agent service	10,244,609	8,662,657
Payables for losses on futures contracts	—	39,575,998
Accrued maintenance costs	10,644,874	9,693,824
Due to non-controlling shareholders	32,972,201	34,659,196
Interest payables	166,884,400	89,993,653
Others	224,664,512	128,163,916
	<b>2,626,729,259</b>	2,267,104,690

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 29. OTHER PAYABLES *(continued)*

As at 31 December 2014, the significant balance of other payables aged more than one year is as follows:

Name of entity	Balance	Reason for not being settled
The 8th Metallurgical Construction Group Company Limited	61,626,357	Construction payments not yet settled
Sino Gold Mining Limited	36,422,831	Borrowings not yet repaid
Mr. Zhu Hongxing	27,892,481	Payables not yet settled
Ms. Yang Fulan	26,943,643	Share transfer consideration not yet paid up
The 21st Metallurgical Construction Company Limited	26,517,666	Construction payments not yet settled
The 15th Metallurgical Construction Group Company Limited	25,943,531	Construction payments not yet settled
Xiamen Minxing Investment Company Limited	19,600,000	Payables not yet settled
Committee of Jingmei Village	16,579,636	Entrusted investment not yet settled
Fujian Shanghang Hongyang Mining Engineering Company Limited ("Hongyang Mining")	15,034,121	Equipment rental expense not yet settled
Shanxi Industrial Equipment Installation Company Limited	10,350,456	Construction payments not yet settled
Mr. Huang Yigan	10,000,000	Deposit
Heihe 2nd Construction Company	9,109,555	Construction payments not yet settled
	286,020,277	

#### 30. CURRENT PORTION OF NON-CURRENT LIABILITIES

	2014	2013
Long-term borrowings due within one year	1,327,611,097	1,375,185,856
Long-term payables due within one year	20,000,000	2,798,834
	1,347,611,097	1,377,984,690

# Notes to Financial Statements *(continued)*

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 31. LONG-TERM BORROWINGS

	2014	2013
Secured loans with securities under the Group's custody (Note 1)	<b>214,000,000</b>	162,500,000
Guaranteed loans (Note 2)	<b>428,330,000</b>	463,364,400
Unsecured and non-guaranteed loans	<b>9,024,757,643</b>	7,747,165,300
Subtotal	<b>9,667,087,643</b>	8,373,029,700
Including: Long-term borrowings due within one year (Note V 30)	<b>(1,327,611,097)</b>	(1,375,185,856)
	<b>8,339,476,546</b>	6,997,843,844

Note 1: As at 31 December 2014, inventories with carrying amount of RMB492,959,037 of Fujian Zijin Real Estate Company Limited ("Zijin Real Estate"), a subsidiary of the Company, were pledged as collateral against bank borrowings of RMB214,000,000 from Industrial Bank of China. (As at 31 December 2013, inventories with carrying amount of RMB492,340,100 and RMB83,637,186 of Zijin Real Estate, a subsidiary of the Company, were pledged as collateral against bank borrowings of RMB123,000,000 and RMB39,500,000 from Industrial Bank of China and Bank of China, respectively.)

Note 2: As at 31 December 2014, Heilongjiang Zijin Longxing Mining Company Limited ("Heilongjiang Longxing"), a subsidiary of the Company borrowed USD70,000,000 (31 December 2013: USD76,000,000) from the Export-Import Bank of China, of which, USD21,000,000 (31 December 2013: USD22,800,000) was guaranteed by Heilongjiang Longxing International Resources Development Group Company Limited ("Longxing International"), a non-controlling shareholder of Heilongjiang Longxing.

As at 31 December 2014, interest rates of the Group's long-term borrowings ranged from 1.45% to 7.21% (2013: 1.64% to 7.38%).

Maturity analysis of long-term borrowings is as follows:

	2014	2013
Within 1 year or repayable on demand	<b>1,327,611,097</b>	1,375,185,856
Over 1 year to within 2 years	<b>2,913,298,418</b>	1,887,480,418
Over 2 years to within 5 years	<b>3,955,042,279</b>	4,005,176,828
Over 5 years	<b>1,471,135,849</b>	1,105,186,598
	<b>9,667,087,643</b>	8,373,029,700

### 32. BONDS PAYABLE

	2014	2013
Bonds payable	<b>2,923,716,925</b>	2,905,880,513
Medium-term notes	<b>5,000,000,000</b>	2,500,000,000
	<b>7,923,716,925</b>	5,405,880,513

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 32. BONDS PAYABLE *(continued)*

As at 31 December 2014, the balance of bonds payable is as follows:

Currency	Total principal value	Issue date	Term of the bond	Issue value of the bond	At 1 January	Issued in the current year	Accrued interest for current year	Amortisation of discounts	Interest paid for the year	At 31 December
USD	280,000,000	30 June 2011	5 years	280,000,000	277,493,411	—	11,900,000	968,332	(11,900,000)	278,461,743
USD	200,000,000	24 July 2011	5 years	200,000,000	199,104,494	—	8,500,000	346,448	(8,500,000)	199,450,942
RMB	2,500,000,000	23 October 2013	5 years	2,500,000,000	2,500,000,000	—	151,173,611	—	(142,500,000)	2,500,000,000
RMB	2,500,000,000	5 September 2014	5 years	2,500,000,000	—	2,500,000,000	36,395,833	—	—	2,500,000,000

As at 31 December 2013, the balance of bonds payable is as follows:

Currency	Total principal value	Issue date	Term of the bond	Issue value of the bond	At 1 January	Issued in the current year	Accrued interest for current year	Amortisation of discounts	Interest paid for the year	At 31 December
USD	280,000,000	30 June 2011	5 years	280,000,000	276,569,062	—	11,900,000	924,349	(11,900,000)	277,493,411
USD	200,000,000	24 July 2011	5 years	200,000,000	198,773,564	—	8,500,000	330,930	(8,500,000)	199,104,494
RMB	2,500,000,000	23 October 2013	5 years	2,500,000,000	—	2,500,000,000	27,312,500	—	—	2,500,000,000

Zijin International Finance Company Limited (“International Finance”), a subsidiary of the Company, issued credit enhanced bonds with a principal value of USD280,000,000 on 30 June 2011, carrying an annual interest rate of 4.25% and maturing on 30 June 2016. The issuing price was 99.276% of the principal value. Payments of principal and interest in respect of the bonds are backed by an irrevocable standby letter of credit (the “Standby Letter of Credit”) issued by Bank of China Limited, Paris Branch (the “LC Bank”). Interest on the bonds is payable semi-annually in arrears.

On 24 July 2011, the second batch of bonds with a principal value of USD200,000,000 (the “Further Bonds”) was issued by International Finance and according to the issuing circular, was consolidated and formed a single series with the bonds issued on 30 June 2011 (the “Original Bonds”). The issue price of the Further Bonds was based on 99.852% of the principal value, plus accrued interest in respect of the period from (excluding) 30 June 2011 to 24 July 2011. Other than the issue price, the terms of the Further Bonds are the same as the Original Bonds. Payments of principal and interest in respect of the Further Bonds are backed by the Standby Letter of Credit issued by the LC Bank, of which the maximum guarantee was raised to USD600,000,000.

In 2013, the Company registered the maximum credit limit of medium-term notes of RMB6,000,000,000 and RMB 4,000,000,000 in the National Association of Financial Market Institutional Investors. In 2014, the Company wrote off credit limit of RMB1,700,000,000. On 23 October 2013 and 5 September 2014, the Company issued medium-term notes with face value of RMB2,500,000,000 respectively, of RMB5,000,000,000 in the aggregate, maturity of five years, and coupon rate of 5.7% and 5.5% respectively. Interest on the bonds is payable annually in arrears.

As at 31 December 2014, there were no bonds that are due but not yet paid (31 December 2013: Nil).

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 33. LONG-TERM PAYABLES

	2014	2013
Payables for acquisition of mining rights	21,095,456	2,798,834
Entrusted investment	234,206,740	207,926,740
Deposit for Restoration and Improvement of Ecological Environment in Mines	82,827,054	82,827,054
Others	95,734,836	18,507,315
Subtotal	433,864,086	312,059,943
Including: Long-term payables due within one year	(20,000,000)	(2,798,834)
	413,864,086	309,261,109

Maturity analysis of long-term payables is as follows:

	2014	2013
Within 1 year or repayable on demand	20,000,000	2,798,834
Over 1 year to within 2 years	171,951,063	8,000,000
Over 2 years to within 5 years	54,731,828	189,375,842
Over 5 years	187,181,195	111,885,267
	433,864,086	312,059,943

### 34. PROVISION

2014	1 January 2014	Additions	Reductions	31 December 2014
Provision for Environmental Rehabilitation and Restoration of Mines	147,115,898	30,370,615	—	177,486,513
	1 January 2013	Additions	Reductions	31 December 2013
Provision for Environmental Rehabilitation and Restoration of Mines	167,021,572	—	(19,905,674)	147,115,898

Norton Gold Fields, a subsidiary of the Group, recognised a provision for environmental rehabilitation and restoration of mines based on the estimation of the useful life of mines, timing of closing pit and the expenditures to be incurred at the time of closing pit.



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#### 35. DEFERRED INCOME

As at 31 December 2014 and 31 December 2013, the Group's deferred income was government grants relating to the assets or income. The components and movements are as follows:

2014	1 January 2014	Additions	Reductions	31 December 2014
Government grants	549,332,668	80,257,881	(90,863,328)	538,727,221
<hr/>				
2013	1 January 2013	Additions	Reductions	31 December 2013
Government grants	366,862,124	244,396,390	(61,925,846)	549,332,668

As at 31 December 2014, the movements of liabilities related to government grants are as follows:

	1 January 2014	Additions	Recognised as non- operating income for the year	Other movements	31 December 2014	Related to assets or income
Expenditures for science projects	7,226,660	3,463,491	(6,945,023)	—	3,745,128	Assets
Fund for environmental protection projects	65,705,777	14,650,000	(15,696,766)	(43,241)	64,615,770	Assets
Refund of land compensation	112,030,566	5,043,158	(4,543,158)	(552,709)	111,977,857	Assets
Fund for comprehensive utilisation of mineral resources	343,147,607	50,000,000	(41,160,260)	—	351,987,347	Assets
Other financial subsidies	21,222,058	7,101,232	(20,478,622)	(1,443,549)	6,401,119	Assets
	549,332,668	80,257,881	(88,823,829)	(2,039,499)	538,727,221	

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 35. DEFERRED INCOME *(continued)*

As at 31 December 2013, the movements of liabilities related to government grants are as follows:

	1 January 2013	Additions	Recognised as non- operating income for the year	Other movements	31 December 2013	Related to assets or income
Expenditures for science projects	10,400,000	2,840,000	(2,490,000)	(3,523,340)	7,226,660	Assets
Fund for environmental protection projects	67,998,596	2,001,600	(3,772,099)	(522,320)	65,705,777	Assets
Refund of land compensation	62,990,604	49,592,671	(552,709)	—	112,030,566	Assets
Fund for comprehensive utilisation of mineral resources	196,650,000	180,000,000	(33,502,393)	—	343,147,607	Assets
Other financial subsidies	28,822,924	9,962,119	(16,913,509)	(649,476)	21,222,058	Assets
	366,862,124	244,396,390	(57,230,710)	(4,695,136)	549,332,668	

### 36. SHARE CAPITAL

The nominal value of each share of the Company is RMB0.1. The types and structures of the shares are as follows:

#### 2014

	At 1 January		Movements	At 31 December	
	Number of shares	Proportion	Others (Note 1)	Number of shares	Proportion
1. Non-restricted tradable shares					
RMB ordinary shares	15,803,803,650	72.83%	—	15,803,803,650	73.26%
Foreign-owned shares listed overseas	5,896,354,000	27.17%	(127,344,000)	5,769,010,000	26.74%
Total non-restricted tradable shares	21,700,157,650	100.00%	(127,344,000)	21,572,813,650	100.00%
2. Total shares	21,700,157,650	100.00%	(127,344,000)	21,572,813,650	100.00%

#### 2013

	At 1 January		Movements	At 31 December	
	Number of shares	Proportion	Others (Note 1)	Number of shares	Proportion
1. Non-restricted tradable shares					
RMB ordinary shares	15,803,803,650	72.45%	—	15,803,803,650	72.83%
Foreign-owned shares listed overseas	6,008,160,000	27.55%	(111,806,000)	5,896,354,000	27.17%
Total non-restricted tradable shares	21,811,963,650	100.00%	(111,806,000)	21,700,157,650	100.00%
2. Total shares	21,811,963,650	100.00%	(111,806,000)	21,700,157,650	100.00%

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 36. SHARE CAPITAL *(continued)*

In 2014, details about repurchasing of H shares are as follows:

Date of repurchase	Number of shares repurchased	Aggregate repurchase price (HKD)	Highest price paid per share (HKD)	Lowest price paid per share (HKD)
3 January 2014	23,728,000	40,445,232	1.71	1.68
10 January 2014	17,700,000	29,885,032	1.70	1.67
7 February 2014	12,874,000	20,752,236	1.63	1.58
15 September 2014	4,284,000	8,369,172	1.95	1.94
18 September 2014	7,080,000	13,832,712	1.95	1.94
19 September 2014	2,344,000	4,580,307	1.95	1.95
22 September 2014	4,264,000	8,331,715	1.95	1.94
28 October 2014	22,876,000	44,273,698	1.94	1.88
6 November 2014	7,900,000	15,340,416	1.94	1.92
7 November 2014	4,294,000	8,347,663	1.94	1.94
18 November 2014	20,000,000	39,936,777	2.00	1.97
	<b>127,344,000</b>	<b>234,094,960</b>		

In 2013, details about repurchasing of H shares are as follows:

Date of repurchase	Number of shares repurchased	Aggregate repurchase price (HKD)	Highest price paid per share (HKD)	Lowest price paid per share (HKD)
21 August 2013	25,300,000	44,284,861	1.75	1.73
13 November 2013	29,308,000	51,501,641	1.76	1.73
4 December 2013	18,632,000	32,483,425	1.75	1.73
10 December 2013	9,342,000	16,467,902	1.76	1.75
16 December 2013	14,038,000	24,551,462	1.75	1.72
18 December 2013	970,000	1,699,027	1.75	1.74
23 December 2013	14,216,000	24,092,609	1.70	1.65
	<b>111,806,000</b>	<b>195,080,927</b>		

Note 1: At the 2013 Annual General Meeting, the First A Shareholders' Class Meeting in 2014 and the First H Shareholders' Class Meeting in 2014 convened by the Company on 28 May 2014, a resolution in relation to the proposal of granting a general mandate to the board of directors of the Company to repurchase H shares was approved. As at 31 December 2014, the number of H shares repurchased was 127,344,000 in aggregate. The change of business registration in the PRC for the cancellation of the repurchased H shares has not completed yet. As at 31 December 2014, the Company's total registered capital was RMB2,157,281,365 (31 December 2013: RMB2,170,015,765).

# Notes to Financial Statements *(continued)*

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 37. CAPITAL RESERVE

2014

	At 1 January 2014	Additions	Reductions	At 31 December 2014
Share premium	7,503,391,514	—	(172,397,153)	7,330,994,361
<i>Including: Premium on acquisition of non-controlling interests</i>	<i>(1,438,051,980)</i>	—	—	<i>(1,438,051,980)</i>
<i>Fair value change arising from step acquisition of subsidiaries in business combinations not involving enterprises under common control</i>	<i>37,406,271</i>	—	—	<i>37,406,271</i>
<i>Share premium arising from capital injection of non-controlling shareholders</i>	<i>72,700,130</i>	—	—	<i>72,700,130</i>
<i>Capital reserve transferred to issued capital</i>	<i>(727,065,455)</i>	—	—	<i>(727,065,455)</i>
<i>H share repurchase (Note 1)</i>	<i>(143,149,886)</i>	—	<i>(172,397,153)</i>	<i>(315,547,039)</i>
Others	(1,042,372)	—	—	(1,042,372)
	<b>7,502,349,142</b>	—	<b>(172,397,153)</b>	<b>7,329,951,989</b>

2013

	At 1 January 2013	Additions	Reductions	At 31 December 2013
Share premium	7,936,222,485	—	(432,830,971)	7,503,391,514
<i>Including: Premium on acquisition of non-controlling interests</i>	<i>(1,148,370,895)</i>	—	<i>(289,681,085)</i>	<i>(1,438,051,980)</i>
<i>Fair value change arising from step acquisition of subsidiaries in business combinations not involving enterprises under common control</i>	<i>37,406,271</i>	—	—	<i>37,406,271</i>
<i>Share premium arising from capital injection of non-controlling shareholders</i>	<i>72,700,130</i>	—	—	<i>72,700,130</i>
<i>Capital reserve transferred to issued capital</i>	<i>(727,065,455)</i>	—	—	<i>(727,065,455)</i>
<i>H share repurchase (Note 1)</i>	—	—	<i>(143,149,886)</i>	<i>(143,149,886)</i>
Others	(1,042,372)	—	—	(1,042,372)
	<b>7,935,180,113</b>	—	<b>(432,830,971)</b>	<b>7,502,349,142</b>

Note 1: The capital reserve decreased by RMB172,397,153 in 2014 (2013: RMB143,149,886) due to the repurchases of H shares.

# Notes to Financial Statements *(continued)*

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 38. OTHER COMPREHENSIVE INCOME

2014

	1 January 2014	Movements			31 December 2014
		Amount before tax	Income tax expenses	Amount after tax	
Change in fair value of available-for-sale investments	(77,564,125)	18,122,450	(6,581,024)	11,541,426	(66,022,699)
Exchange differences arising from translation of financial statements denominated in foreign currencies	(382,214,854)	896,062	—	896,062	(381,318,792)
	(459,778,979)	19,018,512	(6,581,024)	12,437,488	(447,341,491)

2013

	1 January 2013	Movements			31 December 2013
		Amount before tax	Income tax expenses	Amount after tax	
Change in fair value of available-for-sale investments	(164,465,938)	95,591,697	(8,689,884)	86,901,813	(77,564,125)
Exchange differences arising from translation of financial statements denominated in foreign currencies	(222,084,649)	(160,130,205)	—	(160,130,205)	(382,214,854)
	(386,550,587)	(64,538,508)	(8,689,884)	(73,228,392)	(459,778,979)



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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 39. SPECIAL RESERVE

#### 2014

	At 1 January 2014	Additions	Reductions	At 31 December 2014
Production maintenance fund	—	21,848,712	(21,848,712)	—
Safety fund	101,948,305	626,365,463	(619,868,574)	108,445,194
	101,948,305	648,214,175	(641,717,286)	108,445,194

#### 2013

	At 1 January 2013	Additions	Reductions	At 31 December 2013
Production maintenance fund	—	20,364,937	(20,364,937)	—
Safety fund	98,196,798	656,800,707	(653,049,200)	101,948,305
	98,196,798	677,165,644	(673,414,137)	101,948,305

### 40. SURPLUS RESERVE

#### 2014

	At 1 January 2014	Additions	Reductions	At 31 December 2014
Statutory reserve	1,319,401,104	—	—	1,319,401,104

#### 2013

	At 1 January 2013	Additions	Reductions	At 31 December 2013
Statutory reserve	1,319,401,104	—	—	1,319,401,104

Pursuant to the regulations issued by the Ministry of Finance, provision of statutory reserve can be ceased if the aggregate balance of the statutory reserve achieves 50% of the Company's registered capital. In the current year, the balance of the statutory reserve has achieved 50% of the Company's registered capital. Therefore, the provision of statutory reserve was ceased. The Company can provide a discretionary reserve after the statutory reserve is made. Discretionary reserve can be used to offset accumulated losses for previous years or be transferred to issue capital on approval.

# Notes to Financial Statements *(continued)*

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 41. RETAINED EARNINGS

	2014	2013
At 1 January	<b>16,978,322,418</b>	17,034,164,960
Net profit attributable to the owners of the parent	<b>2,345,062,669</b>	2,125,353,823
Less: Appropriation for the statutory reserve	—	—
Dividends distribution	<b>1,731,668,452</b>	2,181,196,365
At 31 December	<b>17,591,716,635</b>	16,978,322,418

On 28 May 2014, the 2013 Annual General Meeting of the Company approved the final cash dividend of RMB0.08 per ordinary share in aggregate of RMB1,731,668,452.

On 28 May 2013, the 2012 Annual General Meeting of the Company approved the final cash dividend of RMB0.1 per ordinary share in aggregate of RMB2,181,196,365.

### 42. OPERATING INCOME AND OPERATING COSTS

	2014		2013	
	Operating income	Operating costs	Operating income	Operating costs
Principal operations	<b>58,308,431,070</b>	<b>50,653,548,999</b>	49,236,394,951	40,563,975,593
Other operations	<b>452,102,858</b>	<b>228,218,556</b>	535,116,947	282,504,520
	<b>58,760,533,928</b>	<b>50,881,767,555</b>	49,771,511,898	40,846,480,113

During the year 2014, more than 99% (2013: more than 99%) of the operating income arises from sales of commodities. As such, the management of the Group considers that there is no need to disclose the operating income and costs based on the nature of income.

### 43. TAXES AND SURCHARGES

	2014	2013
Consumption tax	<b>646,464</b>	914,506
Business tax	<b>60,301,648</b>	92,426,235
City construction and maintenance tax	<b>58,657,813</b>	52,079,582
Resource tax	<b>637,241,752</b>	421,386,497
Education surcharges	<b>36,349,550</b>	64,123,541
Others	<b>45,218,947</b>	88,265,679
	<b>838,416,174</b>	719,196,040

# Notes to Financial Statements *(continued)*

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 44. SELLING EXPENSES

	2014	2013
Salaries and welfares	<b>59,647,516</b>	47,486,185
Transportation expenses	<b>711,922,723</b>	374,772,216
Unloading expenses	<b>4,588,797</b>	6,295,450
Storage expenses	<b>3,716,996</b>	2,158,594
Packing expenses	<b>11,483,847</b>	4,084,031
Insurance expenses	<b>4,423,815</b>	2,956,312
Charge of commission sales	<b>15,386,494</b>	14,513,783
Advertising expenses	<b>5,883,175</b>	5,492,119
Depreciation expenses	<b>6,623,785</b>	4,654,191
Material consumption	<b>6,410,856</b>	6,534,212
Others	<b>75,424,916</b>	56,718,655
	<b>905,512,920</b>	525,665,748

### 45. ADMINISTRATIVE EXPENSES

	2014	2013
Salaries and welfares	<b>911,531,550</b>	772,246,622
Office expenses	<b>131,162,264</b>	133,626,833
Travelling and meeting expenses	<b>44,732,587</b>	52,959,812
Stipulated fees	<b>294,748,642</b>	413,196,685
Taxes	<b>108,466,498</b>	95,400,203
Depreciation expenses	<b>237,733,050</b>	195,250,037
Research and development expenses	<b>96,198,991</b>	86,416,448
Audit fees*	<b>20,913,509</b>	16,706,446
Repair and maintenance costs	<b>25,123,594</b>	37,279,274
Pre-operating costs	<b>12,146,203</b>	43,983,956
Professional consulting expenses	<b>48,519,473</b>	63,914,421
Property insurance expenses	<b>1,279,025</b>	1,119,140
Exploration expenses	<b>101,723,522</b>	98,859,343
Others	<b>140,845,328</b>	154,857,971
	<b>2,175,124,236</b>	2,165,817,191

\* In the year 2014, the auditors' remuneration of the Company is RMB7,460,000 (2013: RMB7,460,000).

## Notes to Financial Statements *(continued)*

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 46. FINANCIAL EXPENSES

	2014	2013
Interest expenses:	<b>1,336,798,557</b>	1,124,578,070
<i>Including: *Bank loans</i>	<b>1,015,288,458</b>	962,834,530
<i>*Bonds payable</i>	<b>321,510,099</b>	161,743,540
Less: Interest income	<b>168,134,064</b>	103,767,418
Capitalised interest expenses	<b>556,696,854</b>	402,948,070
Exchange losses	<b>49,486,592</b>	29,887,533
Bank charges	<b>106,499,785</b>	85,309,789
	<b>767,954,016</b>	733,059,904

Capitalised interest expenses are included in construction in progress. In 2014, no interest income arose from impaired financial assets (2013: Nil).

\* In current year, interest on bank loans and bonds payable wholly repayable within five years amounted to RMB1,265,956,380 (2013: RMB1,028,155,969). Interest on bank loans not wholly repayable within five years amounted to RMB70,842,177 (2013: RMB96,422,101).

#### 47. IMPAIRMENT LOSSES ON ASSETS

	2014	2013
Bad debt provision for trade and other receivables	<b>84,625,187</b>	161,832,006
Provision for decline in value of inventories	<b>114,800,602</b>	67,421,752
Impairment on available-for-sale investments	<b>26,810,425</b>	92,013,456
Impairment on long-term equity investments	—	189,468,007
Impairment on fixed assets	<b>20,782,402</b>	180,197,036
Impairment on construction in progress	—	9,839,091
Impairment on intangible assets	<b>23,280,000</b>	91,370,018
Impairment on other current assets	<b>2,650,000</b>	—
Impairment on other non-current assets	<b>90,004,189</b>	—
	<b>362,952,805</b>	792,141,366

# Notes to Financial Statements *(continued)*

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 48. (LOSSES)/GAINS ON CHANGES IN FAIR VALUE

	2014	2013
Financial assets at fair value through profit or loss (Note 1)	<b>74,386,856</b>	(188,721,341)
Financial liabilities at fair value through profit or loss (Note 2)	<b>(215,600,229)</b>	207,457,398
	<b>(141,213,373)</b>	18,736,057

Note 1: In year 2014, gains or losses on changes in fair value of financial assets at fair value through profit or loss included: (a) gains on changes in fair value arising from stocks and funds of RMB28,688,646 (2013: losses of RMB63,280,631); (b) gains on changes in fair value of futures of RMB15,637,586 (2013: losses of RMB117,276,853), in this amount including gains on changes in fair value of gold futures of RMB2,540,478 (31 December 2013: losses on changes in fair value arising from gold forward contracts were recognised as financial liabilities at fair value through profit or loss), which arose from gold futures contracts entered into by the Group in accordance with the repayment terms of gold leasing business for the purpose of hedging its risks arising from gold price fluctuation; (c) gains on changes in fair value of other financial assets of RMB30,060,624 (2013: losses of RMB8,163,857).

Note 2: In year 2014, gains or losses on changes in fair value of financial liabilities at fair value through profit or loss included losses on changes in fair value arising from the gold leasing business of RMB741,580,718 (2013: gains of RMB1,124,808,398), gains on changes in fair value of gold futures of RMB515,929,316 (2013: losses of RMB927,451,517), which arose from gold forward contracts entered into by the Group in accordance with the repayment terms of gold leasing business for the purpose of hedging its risks arising from gold price fluctuation, and gains on changes in fair value of other financial liabilities of RMB10,051,173 (2013: gains of RMB10,100,517).

### 49. INVESTMENT INCOME

	2014	2013
Income from long-term equity investments under the equity method	<b>21,433,814</b>	117,156,560
Including: Share of profits of associates	<b>21,540,546</b>	145,858,676
Share of losses of joint ventures	<b>(106,732)</b>	(28,702,116)
Gain on disposal of long-term equity investments	<b>4,676,957</b>	3,576,341
Including: Gain on disposal of subsidiaries	<b>4,676,957</b>	4,073,195
Loss on disposal of other long-term equity investments	—	(496,854)
Gains/(Losses) on disposal of financial assets and liabilities at fair value through profit or loss (Note 1)*	<b>667,352,138</b>	(73,311,904)
Gains/(Losses) on disposal of available-for-sale investments	<b>12,619,622</b>	(31,842,434)
Including: Gain on disposal of available-for-sale investments measured at cost	<b>28,386,297</b>	18,740,000
Loss on disposal of available-for-sale investments at fair value (Note 2)*	<b>(15,766,675)</b>	(50,582,434)
Others	<b>66,483,577</b>	(1,810,917)
	<b>772,566,108</b>	13,767,646

\* In the year of 2014, investment losses from investments in listed companies were RMB54,460,952 (2013: losses of RMB44,772,902), and investment income from investments in unlisted companies were RMB 827,027,060 (2013: RMB 58,540,548).

Note 1: In the year of 2014, the investment losses resulting from disposal of financial assets at fair value through profit or loss included gains of RMB631,373,077 on the settlement of futures contracts (2013: losses of RMB81,713,954).

Note 2: In the year of 2014 and 2013, investment income or losses resulting from disposal of available-for-sale investments were generated from the disposal of stock investments.

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 50. NON-OPERATING INCOME

	2014	2013	Non-recurring profits or losses in 2014
Gains on disposal of non-current assets	<b>53,043,654</b>	8,467,645	53,043,654
<i>Including: Gains on disposal of fixed assets</i>	<b>11,043,785</b>	<i>8,467,645</i>	<i>11,043,785</i>
Government grants	<b>161,694,394</b>	159,679,631	161,694,394
Penalty income	<b>8,290,123</b>	10,744,109	8,290,123
Others	<b>13,713,050</b>	44,594,966	13,713,050
	<b>236,741,221</b>	223,486,351	236,741,221

Analysis of government grants is as follows:

	2014	2013
Government grants related to assets:		
Expenditures for science projects	<b>6,945,023</b>	2,490,000
Environmental protection	<b>15,696,766</b>	3,772,099
Refund of land compensation	<b>4,543,158</b>	552,709
Comprehensive utilisation of mineral resources (Note 1)	<b>41,160,260</b>	33,502,393
Others	<b>20,478,622</b>	16,913,509
	<b>88,823,829</b>	57,230,710
Government grants related to income:		
Special government rewards	<b>6,189,578</b>	23,460,162
VAT subsidies	<b>498,142</b>	407
Tax refunds	<b>16,809,008</b>	10,253,838
Others (Note 2)	<b>49,373,837</b>	68,734,514
	<b>72,870,565</b>	102,448,921
	<b>161,694,394</b>	159,679,631

Note 1: In the year of 2014, non-operating income amounted to RMB41,160,260 in total regarding amortisation of government's subsidies for the anti-seepage construction and infrastructure stripping construction of the Company's Zijinshan copper mine was recognised.

Note 2: Zijin Copper received RMB10,980,000 of electricity consumption subsidy on industrial use from the government in 2014 and import products discount fund from the Commerce Department of Fujian Province amounted to RMB14,228,300 in 2014. Heilongjiang Duobaoshan Copper Company Limited received RMB8,000,000 of loan interest discount from the Department of Finance of Heilongjiang Province and Xinjiang Aletai Jinhao Iron Company Limited ("Jinhao Iron") received RMB7,423,200 of freight subsidies from Xinjiang Uygur Autonomous Region Economic and Information Technology Commission in 2014.



# Notes to Financial Statements *(continued)*

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 51. NON-OPERATING EXPENSES

	2014	2013	Non-recurring profits or losses in 2014
Losses on disposal of non-current assets	<b>151,038,028</b>	126,942,650	151,038,028
<i>Including: Losses on disposal of fixed assets</i>	<b>118,881,145</b>	<i>126,939,629</i>	<i>118,881,145</i>
<i>Losses on disposal of other non-current assets</i>	<b>32,156,883</b>	<i>3,021</i>	<i>32,156,883</i>
Donations	<b>185,845,063</b>	230,065,888	185,845,063
Penalties	<b>8,047,755</b>	24,189,776	8,047,755
Losses arising from natural disasters	<b>9,850</b>	401,975	9,850
Losses on stock-taking	<b>1,463,895</b>	2,130,972	1,463,895
Others	<b>26,357,597</b>	26,708,759	26,357,597
	<b>372,762,188</b>	410,440,020	372,762,188

### 52. INCOME TAX EXPENSES

	2014	2013
Current tax expenses	<b>617,705,361</b>	1,199,556,120
Deferred tax expenses	<b>70,990,638</b>	(226,123,622)
	<b>688,695,999</b>	973,432,498

Reconciliation of income tax expenses to profit before tax is as follows:

	2014	2013
Profit before tax	<b>3,324,137,990</b>	3,834,701,570
Income tax calculated at the applicable tax rate (Note 1)	<b>831,034,497</b>	958,675,393
Effect of different tax rates of certain subsidiaries	<b>(184,044,511)</b>	(155,990,286)
Overprovision in prior years	<b>(218,580,802)</b>	(59,119,178)
Income not subject to tax (Note 2)	<b>(77,417,192)</b>	(99,842,278)
Expenses not deductible for tax purposes (Note 3)	<b>50,265,301</b>	40,178,017
Previous tax losses utilised	<b>(48,493,671)</b>	(20,879,485)
Effect of unrecognised deductible temporary differences and deductible tax losses	<b>335,932,377</b>	310,410,315
Income tax expenses calculated at the Group's effective tax rate	<b>688,695,999</b>	973,432,498

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 52. INCOME TAX EXPENSES *(continued)*

Note 1: Provision for the PRC enterprise income tax expenses has been made at applicable tax rates based on the taxable profits. For the year 2014, there was no assessable profit arising in Hong Kong (2013: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the enterprise operates.

Note 2: Included share of profits of long-term equity investments under the equity method of RMB21,433,814 (2013: RMB117,156,560), share of profits of available-for-sale investments under the cost method of RMB28,836,297 (2013: RMB18,740,000), and the sales revenue which comes from the products that shall be exempted from income tax in line with national industrial policies and regulations of RMB26,160,760 (2013: RMB16,482,399).

Note 3: Included donations not deductible for tax purposes of RMB52,775,730 (2013: RMB118,289,509).

#### 53. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the consolidated net profit for the current year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding. The number of newly issued ordinary shares is ascertained as from the date the consideration is due (generally the issue date of shares) according to the provisions in the issuing agreement.

There were no potential dilutive ordinary shares for the Company.

Basic earnings per share is calculated as follows:

	2014	2013
Earnings		
Consolidated net profit attributable to the owners of the parent	<b>2,345,062,669</b>	2,125,353,823
Shares		
Weighted average number of ordinary shares outstanding	<b>21,634,580,077</b>	21,796,121,080
Earnings per share	<b>0.11</b>	0.10

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 54. NOTES TO STATEMENT OF CASH FLOWS

Significant cash flows of the Group are as follows:

	2014	2013
Other cash receipts relating to operating activities		
Interest income	<b>168,134,064</b>	103,767,418
Government grants	<b>140,663,983</b>	342,150,175
Gains on the settlement of future contracts and others	<b>634,142,761</b>	42,856,287
	<b>942,940,808</b>	488,773,880
Other cash payments relating to operating activities		
Insurance expenses, commission charges and other selling expenses	<b>(95,235,225)</b>	(74,188,750)
Office expenses, meeting expenses and other administrative expenses	<b>(510,856,787)</b>	(1,004,060,985)
Donations	<b>(219,291,391)</b>	(198,802,229)
Others	<b>(129,179,937)</b>	(155,225,428)
	<b>(954,563,340)</b>	(1,432,277,392)
Other cash receipts relating to investing activities		
Cash receipts from time deposits with maturity for more than three months	<b>341,789,835</b>	171,248,682
Others	—	116,797,601
	<b>341,789,835</b>	288,046,283
Other cash payments relating to investing activities		
Cash paid for time deposits with maturity for more than three months	<b>(509,667,366)</b>	(68,067,205)
Other cash receipts relating to financing activities		
Release of pledged bank deposits	—	566,760,389
Borrowings from third parties	<b>360,304,291</b>	269,809,646
	<b>360,304,291</b>	836,570,035
Other cash payments relating to financing activities		
H shares repurchase	<b>(185,131,553)</b>	(154,330,486)
Repayment of borrowings from third parties	<b>(74,463,813)</b>	(119,557,311)
Bank charges and others	<b>(106,499,785)</b>	(85,309,789)
	<b>(366,095,151)</b>	(359,197,586)

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 55. SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CASH FLOWS

#### (1) Supplementary information to the statement of cash flows

Reconciliation of net profit to cash flows from operating activities:

	2014	2013
Net profit	<b>2,635,441,991</b>	2,861,269,072
Add: Provision for impairment losses of assets	<b>362,952,805</b>	792,141,366
Depreciation of fixed assets	<b>2,064,139,532</b>	1,887,658,780
Amortisation of intangible assets	<b>350,832,600</b>	350,680,750
Amortisation of long-term deferred assets	<b>230,814,888</b>	152,375,520
Losses on disposal of fixed assets, intangible assets and other long-term assets	<b>97,994,374</b>	118,475,005
Losses/(gains) on changes in the fair values	<b>141,213,373</b>	(18,736,057)
Financial expenses	<b>886,601,488</b>	806,939,789
Investment income	<b>(86,855,057)</b>	(95,481,600)
Increase in deferred tax assets	<b>(78,807,893)</b>	(222,574,845)
Increase/(decrease) in deferred tax liabilities	<b>149,798,531</b>	(3,548,777)
(Increase)/decrease in inventories	<b>(2,290,270,294)</b>	3,337,161,359
Decrease/(increase) in receivables from operating activities	<b>155,941,682</b>	(774,958,175)
Increase/(decrease) in payables from operating activities	<b>1,587,928,997</b>	(454,613,993)
Depreciation of investment properties	<b>4,676,364</b>	3,064,520
Increase in special reserve	<b>6,496,889</b>	3,751,507
Exploration expenses	<b>101,723,522</b>	98,859,343
Net cash flows from operating activities	<b>6,320,623,792</b>	8,842,463,564

Movements of cash and cash equivalents

	2014	2013
Closing balance of cash	<b>3,136,098,878</b>	3,330,935,614
Less: opening balance of cash	<b>3,330,935,614</b>	5,372,795,898
Add: closing balance of cash equivalents	<b>375,661,578</b>	689,997,407
Less: opening balance of cash equivalents	<b>689,997,407</b>	941,944,077
Decrease in cash and cash equivalents	<b>(509,172,565)</b>	(2,293,806,954)

# Notes to Financial Statements *(continued)*

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 55. SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CASH FLOWS *(continued)*

#### (2) Acquisition or disposal of subsidiaries and other business units during the year

Information about acquisition of subsidiaries and other business units

	2014	2013
Consideration for acquisition of subsidiaries and other business units	<b>1,367,249,080</b>	66,379,114
Cash and cash equivalents for acquisition of subsidiaries and other business units	<b>1,367,249,080</b>	—
Less: cash and cash equivalents held by subsidiaries and other business units	<b>48,218,269</b>	136,723
Net cash flow used in/(from) acquisitions of subsidiaries and other business units	<b>1,319,030,811</b>	(136,723)

Information about disposal of subsidiaries and other business units

	2014	2013
Consideration for the disposal of subsidiaries and other business units	<b>104,801,692</b>	27,511,537
Cash and cash equivalents received from the disposal of subsidiaries and other business units	<b>104,801,692</b>	27,511,537
Less: cash and cash equivalents held by subsidiaries and other business units	<b>8,725,922</b>	5,133,397
Net cash inflow from the disposal of subsidiaries and other business units	<b>96,075,770</b>	22,378,140

#### (3) Cash and cash equivalents

	2014	2013
Cash	<b>3,136,098,878</b>	3,330,935,614
<i>Including: Cash on hand</i>	<b>4,544,293</b>	7,136,797
<i>Cash at banks that can be readily drawn on demand</i>	<b>3,131,554,585</b>	3,323,798,817
Cash equivalents	<b>375,661,578</b>	689,997,407
Closing balance of cash and cash equivalents	<b>3,511,760,456</b>	4,020,933,021

No cash and cash equivalents of the Group was restricted for use.

## Notes to Financial Statements *(continued)*

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 56. ASSETS WITH RESTRICTIONS ON TITLE

	2014	2013
Inventories (Note 1)	<b>492,959,037</b>	575,977,286
Intangible assets (Note 2)	<b>20,847,021</b>	—
	<b>513,806,058</b>	575,977,286

Note 1: As at 31 December 2014, inventories with carrying amount of RMB492,959,037 of Zijin Real Estate, a subsidiary of the Company, are pledged as collateral against bank borrowings of RMB214,000,000 from Industrial Bank Co., Ltd. (As at 31 December 2013, inventories with carrying amount of RMB492,340,100 and RMB83,637,186 of Zijin Real Estate, a subsidiary of the Company, were pledged as collateral against bank borrowings of RMB123,000,000 from Industrial Bank Co., Ltd. and RMB39,500,000 from Bank of China respectively).

Note 2: As at 31 December 2014, land use right with carrying amount of RMB20,847,021 of Kuitung Tongguan, a subsidiary of the Company, was pledged as collateral against bank borrowings of RMB20,000,000, with maturity of 1 year from December 2014 to December 2015.

#### 57. FOREIGN CURRENCY MONETARY ITEMS

	2014			2013		
	Original amount	Exchange rate	RMB	Original amount	Exchange rate	RMB
Cash and cash equivalents						
HKD	<b>261,306,302</b>	<b>0.7889</b>	<b>206,144,542</b>	234,837,357	0.7862	184,629,130
USD	<b>58,636,024</b>	<b>6.1190</b>	<b>358,793,829</b>	57,097,483	6.0969	348,117,645
GBP	—	<b>9.5437</b>	<b>2</b>	10,123,794	10.0556	101,800,821
CAD	<b>26,574</b>	<b>5.2755</b>	<b>140,191</b>	2,490,212	5.7259	14,258,703
AUD	<b>19,608,624</b>	<b>5.0174</b>	<b>98,384,309</b>	41,917,932	5.4301	227,618,565
RUB	<b>8,689,267</b>	<b>0.1105</b>	<b>960,164</b>	9,398,272	0.1852	1,740,560
EUR	<b>627,093</b>	<b>7.4556</b>	<b>4,675,352</b>	3,913	8.4189	32,945
Others	N/A	N/A	<b>13,890</b>	N/A	N/A	4,783,073
Trade receivables						
AUD	<b>6,349,029</b>	<b>5.0174</b>	<b>31,855,618</b>	8,240,212	5.4301	44,745,175
Other receivables						
HKD	<b>35,403,613</b>	<b>0.7889</b>	<b>27,929,910</b>	27,674,392	0.7862	21,757,607
USD	<b>6,581,347</b>	<b>6.1190</b>	<b>40,271,260</b>	939,878	6.0969	5,730,343
Other non-current assets						
USD	<b>77,302,474</b>	<b>6.1190</b>	<b>473,013,838</b>	23,854,214	6.0969	145,436,757
Total foreign currency monetary assets			<b>1,242,182,905</b>			1,100,651,324



# Notes to Financial Statements *(continued)*

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 57. FOREIGN CURRENCY MONETARY ITEMS *(continued)*

	2014			2013		
	Original amount	Exchange rate	RMB	Original amount	Exchange rate	RMB
Short-term borrowings						
USD	<b>676,231,785</b>	<b>6.1190</b>	<b>4,137,862,292</b>	273,429,133	6.0969	1,667,070,081
Trade payables						
USD	<b>329,056,787</b>	<b>6.1190</b>	<b>2,013,498,479</b>	317,845,739	6.0969	1,937,873,689
AUD	<b>40,569,437</b>	<b>5.0174</b>	<b>203,553,095</b>	35,110,171	5.4301	190,651,738
Other payables						
HKD	<b>1,071,963</b>	<b>0.7889</b>	<b>845,672</b>	12,175,307	0.7862	9,572,226
USD	<b>1,809,504</b>	<b>6.1190</b>	<b>11,072,358</b>	1,579,842	6.0969	9,632,140
AUD	<b>1,048,810</b>	<b>5.0174</b>	<b>5,262,301</b>	1,043,298	5.4301	5,665,213
Current portion of non-current liabilities						
USD	<b>99,230,000</b>	<b>6.1190</b>	<b>607,188,370</b>	156,303,333	6.0969	952,965,791
Long-term borrowings						
EUR	<b>30,500,000</b>	<b>7.4556</b>	<b>227,395,800</b>	—	8.4189	—
USD	<b>936,992,842</b>	<b>6.1190</b>	<b>5,733,459,199</b>	846,282,333	6.0969	5,159,698,756
AUD	<b>144,871,112</b>	<b>5.0174</b>	<b>726,876,317</b>	—	5.4301	—
Bonds payable						
USD	<b>477,912,685</b>	<b>6.1177</b>	<b>2,923,716,925</b>	476,597,905	6.0971	2,905,880,513
Long-term payables						
HKD	—	<b>0.7889</b>	—	3,598,855	0.7862	2,829,420
USD	<b>12,950,000</b>	<b>6.1190</b>	<b>79,241,050</b>	—	6.0969	—
AUD	<b>403,759</b>	<b>5.0174</b>	<b>2,025,820</b>	622,600	5.4301	3,380,780
Total foreign currency monetary liabilities			<b>16,671,997,678</b>			12,845,220,347

# Notes to Financial Statements *(continued)*

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## VI. CHANGES IN THE SCOPE OF CONSOLIDATION

### 1. ACQUISITION OF SUBSIDIARIES

Company name	Date of transfer	Acquisition consideration	Proportion of equity acquired (%)	Shares acquisition method	Acquisition date	Acquisition basis	Revenue accumulated from the acquisition date to the end of 2014	Net loss accumulated from the acquisition date to the end of 2014
Luoyang Kunyu Mining Company Limited ("Luoyang Kunyu")	31 May 2014	700,000,000	70	Acquisition	31 May 2014	Equity transfer formalities completed	232,718,086	(8,781,028)
Bullabulling Gold Limited ("Bullabulling")	14 July 2014	155,272,419	100	Acquisition	14 July 2014	Equity transfer formalities completed	—	(8,735,975)

Consideration for the combination and premium of consideration for the combination allocated to the current profit and loss

	Luoyang Kunyu	Bullabulling
Consideration for the combination - Cash	700,000,000	155,272,419
Less: Shares of fair value of the identifiable net assets	712,377,964	155,272,419
Shares of fair value of the identifiable net assets less the consideration for the combination	(12,377,964)	—

The fair value and carrying amount of the identifiable assets and liabilities of the acquired subsidiaries mentioned above on acquisition date are as follows:

	Luoyang Kunyu		Bullabulling	
	31 May 2014 Fair value	31 May 2014 Book Value	14 July 2014 Fair value	14 July 2014 Book Value
Cash and cash equivalents	35,576,086	35,576,086	11,369,493	11,369,493
Trade receivables	4,318,731	4,318,731	3,098,256	3,098,256
Other receivables	3,377,566	3,377,566	—	—
Prepayments	5,604,249	5,604,249	553,260	553,260
Inventories	16,119,010	16,119,010	—	—
Fixed assets	399,731,240	399,731,240	3,834,092	3,834,092
Construction in progress	77,878,170	77,878,170	—	—
Intangible assets	703,536,038	289,226,510	151,786,881	1,604,397
Long-term deferred assets	1,928,718	1,928,718	—	—
Other assets	12,465,527	12,465,527	1,029,063	1,029,063
Borrowings	(20,000,000)	(20,000,000)	—	—
Trade payables	(12,646,323)	(12,646,323)	(8,077,596)	(8,077,596)
Other payables	(58,630,794)	(58,630,794)	(6,722,109)	(6,722,109)
Other liabilities	(151,575,412)	(151,575,412)	(1,598,921)	(1,598,921)
Net assets	1,017,682,806	603,373,278	155,272,419	5,089,935
Less: Non-controlling interests	305,304,842	181,011,983	—	—
Net assets acquired	712,377,964	422,361,295	155,272,419	5,089,935

# Notes to Financial Statements *(continued)*

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## VI. CHANGES IN THE SCOPE OF CONSOLIDATION *(continued)*

### 2. DISPOSAL OF SUBSIDIARIES

Company Name	Registered address	Principal activities	Proportion of equity attributable to the Group	Proportion of voting rights attributable to the Group	Reasons for deconsolidation
Fujian Shanghang Zijin Liming Materials Company Limited ("Shanghang Zijin Liming Materials")	Shanghang County, Fujian Province	Mining	100%	100%	Disposal
Jiangxi Jinhuan	Nanchang City, Jiangxi Province	Geological exploration	51%	51%	Other
Hunchun Zijin Tianhong Mining Company Limited ("Hunchun Tianhong")	Hunchun City, Jilin Province	Investment and mining	70%	70%	Disposal
Mongolia Tianhong	Mongolia	Mining	70%	70%	Disposal
Longkou Jintai	Longkou City, Shandong Province	Mining	90%	90%	Disposal
Longkou Jinfeng	Longkou City, Shandong Province	Mining	100%	100%	Disposal
Honghe Zijin Mining Risk Exploration and Development Company Limited ("Honghe Zijin")	Honghe County, Yunnan Province	Geological exploration	48%	48%	De-registration
Golden Sand Mining (BVI) Limited	British Virgin Islands	Investment holding	100%	100%	De-registration
Right Fame Holdings Limited	British Virgin Islands	Investment holding	100%	100%	De-registration
Golden Island Resource (BVI) Limited	British Virgin Islands	Investment holding	100%	100%	De-registration
Permanent Glow Limited	British Virgin Islands	Investment holding	100%	100%	De-registration
Praise Thrive Limited	British Virgin Islands	Investment holding	100%	100%	De-registration
Yield Gold Group Limited	British Virgin Islands	Investment holding	100%	100%	De-registration
Fujian Jinshan Investment Company Limited ("Jinshan Investment")	Longyan City, Fujian Province	Investment holding	80%	80%	De-registration
Luminous Gold Limited	British Virgin Islands	Investment holding	100%	100%	De-registration
Longyan Zitong Metal Utilization Company Limited ("Longyan Zitong")	Longyan City, Fujian Province	Geological exploration	100%	100%	De-registration
Gold Enhance International Ltd	British Virgin Islands	Investment holding	100%	100%	De-registration
Solid Gold Corporation Limited	Hong Kong	Investment holding	100%	100%	De-registration
Super Winner Overseas Limited	British Virgin Islands	Investment holding	100%	100%	De-registration

## Notes to Financial Statements *(continued)*

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### VI. CHANGES IN THE SCOPE OF CONSOLIDATION *(continued)*

#### 2. DISPOSAL OF SUBSIDIARIES *(continued)*

Company name	Consideration of disposal	Proportion of equity disposed (%)	Equity disposal method	Date of disposal	Basis of losing control	Difference between consideration of disposal and share of net assets attributable to the Group on the consolidation level
Shanghang Zijin Liming Materials	7,169,389	100	Disposal	31 January 2014	Formalities completed	1,709,266
Jiangxi Jinhuan (Note 1)	4,864,063	51	Other	31 March 2014	Formalities completed	—
Hunchun Tianhong (Note 2)	8,000,000	70	Disposal	30 June 2014	Formalities completed	(10,392,210)
Jinshan Investment	4,932,303	80	De-registration	30 June 2014	Formalities completed	15,247
Longyan Zitong	—	100	De-registration	31 July 2014	Formalities completed	(86,158)
Longkou Jintai	100,000	90	Disposal	31 October 2014	Formalities completed	57,228,438
Longkou Jinfeng	84,600,000	100	Disposal	31 October 2014	Formalities completed	(43,791,772)
Honghe Zijin	7,671,158	48	De-registration	31 December 2014	Formalities completed	(5,854)

Note 1: According to the resolutions of Jiangxi Jinhuan's shareholders' meeting on 13 March 2014, there is no further capital injection from the Company's subsidiary Huanmin Mining, and also no participation in the management of Jiangxi Jinhuan anymore. Huanmin Mining's shareholding in Jiangxi Jinhuan would be diluted after the capital injection from another shareholder Jiangxi Jinyuan in subsequent years. As at 31 December 2014, Jiangxi Jinhuan had been excluded from consolidation by the Group.

Note 2: The financial information of Mongolia Tianhong, the subsidiary of Hunchun Tianhong, has been consolidated.

# Notes to Financial Statements (continued)

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## VI. CHANGES IN THE SCOPE OF CONSOLIDATION (continued)

### 2. DISPOSAL OF SUBSIDIARIES (continued)

The financial information of disposed subsidiaries on disposal dates is as follows:

	Shanghang Zijin Liming Materials	Jiangxi Jinhuan	Hunchun Tianhong (Note 2)	Jinshan Investment	Longyan Zitong	Longkou Jintai	Longkou Jinfeng	Honghe Zijin	Total
Current assets	2,824,483	680,672	38,723,925	6,146,320	2,882	5,221,417	73,031,506	16,094,365	142,725,570
Non-current assets	7,939,960	8,164,592	21,486,152	—	85,288	27,902,728	130,131,425	—	195,710,145
Current liabilities	(5,304,320)	(1,514)	(34,450,767)	—	(2,012)	(99,745,635)	(51,852,506)	—	(191,356,754)
Non-current liabilities	—	—	—	—	—	—	(22,918,653)	—	(22,918,653)
	5,460,123	8,843,750	25,759,310	6,146,320	86,158	(66,621,490)	128,391,772	16,094,365	124,160,308
Equity attributable to the Group	5,460,123	4,864,063	18,392,210	4,917,056	86,158	(57,128,438)	128,391,772	7,677,012	112,659,956
Non-controlling interests	—	3,979,687	7,367,100	1,229,264	—	(9,493,052)	—	8,417,353	11,500,352
Fair value of the residual equity	—	—	—	—	—	—	—	—	—
Gains/(losses) on disposal	1,709,266	—	(10,392,210)	15,247	(86,158)	57,228,438	(43,791,772)	(5,854)	4,676,957
Consideration of disposal	7,169,389	4,864,063	8,000,000	4,932,303	—	100,000	84,600,000	7,671,158	117,336,913

Financial information of the disposed subsidiaries as at 31 December 2013 is as follows:

	Shanghang Zijin Liming Materials	Jiangxi Jinhuan	Hunchun Tianhong (Note 2)	Jinshan Investment	Longyan Zitong	Longkou Jintai	Longkou Jinfeng	Honghe Zijin	Total
Current assets	2,824,483	839,075	35,295,308	6,128,667	19,366,767	6,196,469	57,264,830	16,051,842	143,967,441
Non-current assets	7,939,960	8,036,389	16,051,990	—	85,288	147,610,909	147,080,948	389,381	327,194,865
Current liabilities	(5,304,320)	(32,647)	(34,055,226)	—	(2,421)	(96,772,674)	(36,588,327)	(41,046)	(172,796,661)
Non-current liabilities	—	—	—	—	—	(1,416)	(17,650,201)	—	(17,651,617)
	5,460,123	8,842,817	17,292,072	6,128,667	19,449,634	57,033,288	150,107,250	16,400,177	280,714,028
Non-controlling interests	—	3,979,267	4,945,491	1,225,733	—	5,703,329	—	8,577,293	24,431,113
Equity attributable to the Group	5,460,123	4,863,550	12,346,581	4,902,934	19,449,634	51,329,959	150,107,250	7,822,884	256,282,915

# Notes to Financial Statements *(continued)*

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## VI. CHANGES IN THE SCOPE OF CONSOLIDATION *(continued)*

### 2. DISPOSAL OF SUBSIDIARIES *(continued)*

The operating results of subsidiaries, disposed in the current year, from 1 January 2014 to the disposal date are as follows:

	Shanghang Zijin Liming Materials	Jiangxi Jinhuan	Hunchun Tianhong (Note 2)	Jinshan Investment	Longyan Zitong	Longkou Jintai	Longkou Jinfeng	Honghe Zijin	Total
Revenue	—	—	338,957	—	—	3,180,011	48,000,047	—	51,519,015
Cost of sales	—	—	—	—	—	(4,500,247)	34,373,697	—	29,873,450
Net profit/(loss)	—	933	(6,137,206)	17,653	(25,314)	(6,915,546)	(6,878,436)	(317,325)	(20,255,241)

### 3. ACQUISITION OF SUBSIDIARIES WITHOUT CONSTITUTING A BUSINESS

On 21 January 2014, Zijin Mining Group Southern Investment Company Limited ("Southern Investment", formerly Fujian Zijin Investment Company Limited), a subsidiary of the Company, signed the equity transfer agreement with Wang Zhaoping and Wu Weibin. Southern Investment invested RMB35,000,000 to acquire the 99.5% shares of Liancheng County Jiuxin Mining Company Limited ("Liancheng Jiuxin") which was held by Wang Zhaoping and 0.5% shares which was held by Wu Weibin. The acquisition was completed on 31 January 2014. Liancheng Jiuxin was a limited liability company, established in Fujian Province, China, with a registered capital amounted to RMB30,000,000, held the exploration right of "The detailed study, surrounding investigation and exploration of the silver mine located at the Zijinshe southern mining region in Liancheng County of Fujian Province". The mine was currently in the exploration stage. Liancheng Jiuxin has not yet started construction except exploration since its incorporation to the acquisition date, and not yet capable of production and business operation. The acquisition did not constitute a business, so the acquisition was not treated as business combination under different control in accordance with the "Accounting Standards for Business Enterprises No. 20 -- Business Combinations".

On 3 November 2014, the Company and its subsidiary Jin Cheng Mining Limited ("Jin Cheng Mining") signed the share transfer agreement with Zhejiang Huayou Cobalt Company Limited. Jin Cheng Mining invested USD77,916,700 (about RMB476,976,661) for the acquisition of 51% shares of La Compagnie Minière de Musonoie Global SAS ("Musonoie"). The acquisition was completed on 3 December 2014. Musonoie was incorporated in the Democratic Republic of the Congo in January 2006 with a registered capital of USD9,000,000, had two mining rights of Nyoka and Kolwezi, and was in the feasibility study and design phase currently. Musonoie has not yet started construction since its incorporation to the acquisition date, and not yet capable of production and business operation. The acquisition only involved net assets of Musonoie, which did not constitute a business, so the acquisition was not treated as business combination under different control in accordance with the "Accounting Standards for Business Enterprises No. 20 -- Business Combinations".

### 4. NEWLY ESTABLISHED SUBSIDIARIES

On 14 August 2014, Xiamen Boshang Zijin E-Commerce Company Limited was founded in Xiamen, China. The registered capital was RMB50,000,000. The Company holds 51% shares and 49% shares is held by Tianjin Bohai Commodity Exchange Company Limited ("Tianjin Boshang"). The Company contributed RMB25,500,000 according to the proportion of shareholding. No capital had been contributed by Tianjin Boshang yet. As at 31 December 2014, the registered capital of Boshang Zijin was RMB50,000,000, the paid in capital was RMB25,500,000. The Company held 51% equity of Boshang Zijin. Boshang Zijin was included in the scope of consolidation.

On 25 August 2014, Shenzhen Zijin Global Metals Exchange Company Limited ("Zijin Global Metals") was established in Shenzhen, China. The registered capital was RMB100,000,000. The Company held 60% shares and 40% shares was held by Fujian SDIC Huijin Investment and Development Company Limited ("SDIC Huijin"). The Company contributed RMB46,000,000 according to the proportion of shareholding and SDIC Huijin contributed RMB4,000,000. As at 31 December 2014, the registered capital of Zijin Global Metals was RMB100,000,000 and the paid in capital was RMB50,000,000. The Company held 60% equity interest of Zijin Global Metals. Zijin Global Metals was included in the scope of consolidation.

On 18 November 2014, Xinxing Global Limited ("Xinxing Global") was established in British Virgin Islands with a registered capital of USD1. Gold Mountains (H.K.) International Mining Company Limited ("Gold Mountains (H.K.)"), a subsidiary of the Company contributed USD1 to hold the 100% shares of Xinxing Global. As at 31 December 2014, the registered capital and paid in capital of Xinxing Global was USD1. Gold Mountains (H.K.) held 100% equity interest of Xinxing Global. Xinxing Global was included in the scope of consolidation.



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## VII. INVESTMENTS IN OTHER ENTITIES

### 1. INVESTMENTS IN THE SUBSIDIARIES

Status of the Company's major subsidiaries is as follows:

#### (1) Major subsidiaries acquired by establishment or investment

Company name	Principal business place	Place of registration	Principal activities	Registered capital RMB	Proportion of ownership interest	
					Directly	Indirectly
Gold Mountains (H.K.)	Hong Kong	Hong Kong	Trading and Investment	HKD1,000,000,000	100%	—
Bayannaer Zijin	Bayannaer City, Inner Mongolia	Bayannaer City, Inner Mongolia	Refining, mining, milling and processing of zinc and other non-ferrous metals, ferrous metals and energy mineral resources, sales of mineral products	375,000,000	67.20%	—
Hunchun Zijin	Hunchun City, Jilin Province	Hunchun City, Jilin Province	Mining, refining and processing of gold, copper and other non-ferrous metals; sales of mine products; mine resources and geological exploration and its information technology services	200,000,000	96.63%	3.37%
Xinyi Zijin	Xinyi City, Guangdong Province	Xinyi City, Guangdong Province	Refining, processing and sales of tin and gold; mine resources technology support	200,000,000	100%	—
Qinghai West	Maqin County, Guoluo State, Qinghai Province	Maqin County, Guoluo State, Qinghai Province	Exploration and mining of copper, zinc and cobalt mines and technical support	120,000,000	100%	—
Zijin Real Estate	Xiamen City, Fujian Province	Xiamen City, Fujian Province	Real estate development, lease of construction machinery and equipment	500,000,000	60%	40%
International Finance	Hong Kong	Hong Kong	Bond issuance	HKD1	—	100%
Zijin Mining Group Finance Company Limited ("Finance Company")	Shanghang County, Longyan City, Fujian Province	Shanghang County, Longyan City, Fujian Province	Financing advisory to member units; credit verification and related advisory; agent services; assist member units to settle payments; approved insurance agent services; guarantee provision to member units; entrusted loans and investment among member units; bill acceptance and discounting among member units; internal account settlement and clearing among member units; acceptance of deposits from member units; application for loans and financial leasing; inter-company borrowings; underwriting corporate bond; equity investment in financial institutions; investment in securities (excluding stocks traded in the secondary market) and business approved by China Banking Regulatory Commission in accordance with relevant laws, administrative regulations and other regulations, as stated in the approval documents.	531,557,000	95%	—

# Notes to Financial Statements *(continued)*

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## VII. INVESTMENTS IN OTHER ENTITIES *(continued)*

### 1. INVESTMENTS IN THE SUBSIDIARIES *(continued)*

#### (2) Major subsidiaries acquired by business combination not under common control

Company name	Principal business place	Place of registration	Principal activities	Registered capital RMB	Proportion of ownership interest	
					Directly	Indirectly
Xinjiang Ashele	Aletai City, Xinjiang Uyghur Autonomous Region	Aletai City, Xinjiang Uyghur Autonomous Region	Research and exploration of geological resources; production, processing and sales of mineral products; technological and transportation services of geological mining; environmental protection, development of tourism and hotel investment	250,000,000	51%	—
Norton Gold Fields	Australia	Australia	Production of gold; geological resource exploration and related information and technological services	AUD176,651,533	—	82.43%
Zijin Copper	Shanghang County, Longyan City, Fujian Province	Shanghang County, Longyan City, Fujian Province	Refinery and sales of copper cathodes, gold and silver; production and sales of industrial vitriol and copper (II) sulfate	1,818,300,000	100%	—
Luoyang Zijin Yinhui Gold Refinery Company Limited ("Luoyang Yinhui")	Luoyang City, Henan Province	Luoyang City, Henan Province	Refinery of gold and silver; testing and examination; purchase of gold ore; gold transaction agency; sales of mineral products and mining pit design and research	150,000,000	70%	—

# Notes to Financial Statements *(continued)*

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## VII. INVESTMENTS IN OTHER ENTITIES *(continued)*

### 1. INVESTMENTS IN THE SUBSIDIARIES *(continued)*

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

**2014**

	Percentage of equity interest held by non-controlling interests	Profit/(loss) for the year attributable to non-controlling interests	Dividends paid to non-controlling interests	Accumulated balances of non-controlling interests at the reporting date
Xinjiang Ashele	49.00%	288,846,608	(392,000,000)	838,439,846
Heilongjiang Duobaoshan	49.00%	64,678,343	—	611,450,915
Guizhou Zijin Mining Company Limited ("Guizhou Zijin")	44.00%	26,297,882	(22,000,000)	355,076,960
Bayannaoer Zijin	32.80%	(11,647,710)	—	295,619,104
Xinjiang Jinbao	44.00%	160,381,695	—	440,250,418
Yunnan Huaxi	47.00%	2,091,566	—	263,152,299
Jinhao Iron	61.48%	(199,348,885)	—	93,858,768
Wenshan Malipo Zijin Tungsten Company Limited ("Wenshan Malipo Zijin")	24.08%	(8,558,395)	(19,263,520)	221,144,565
Huanmin Mining	49.00%	(164,583)	—	243,853,315
Norton Gold Fields	17.57%	9,262,552	—	224,996,415
Inner Mongolia Jinzhong Mining Company Limited ("Inner Mongolia Jinzhong")	42.75%	2,036,392	—	197,946,639
Chongli Zijin Mining Company Limited ("Chongli Zijin")	40.00%	62,014,691	(56,383,546)	186,993,657
Longnan Zijin Mining Company Limited ("Longnan Zijin")	15.78%	3,019,852	(3,818,760)	158,298,230
Malipo Jinwei Mining Company Limited ("Malipo Jinwei")	61.28%	(19,074,580)	—	131,023,921
Altynken Limited Liability Company ("Altynken")	40.00%	—	—	144,993,263
Heilongjiang Longxing	30.00%	(16,489,362)	—	111,252,889
Others	Not applicable	(72,966,744)	(56,648,688)	1,091,116,345
<b>Total</b>		<b>290,379,322</b>	<b>(550,114,514)</b>	<b>5,609,467,549</b>

## Notes to Financial Statements *(continued)*

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### VII. INVESTMENTS IN OTHER ENTITIES *(continued)*

#### 1. INVESTMENTS IN THE SUBSIDIARIES *(continued)*

2013

	Percentage of equity interest held by non-controlling interests	Profit/(loss) for the year attributable to non-controlling interests	Dividends paid to non-controlling interests	Accumulated balances of non-controlling interests at the reporting date
Xinjiang Ashele	49.00%	365,596,409	(196,000,000)	937,569,160
Heilongjiang Duobaoshan	49.00%	118,809,731	—	549,389,175
Guizhou Zijin	44.00%	10,656,370	—	352,128,367
Bayannaoer Zijin	32.80%	(26,152,943)	—	306,542,382
Xinjiang Jinbao	44.00%	229,944,509	(264,000,000)	279,868,723
Yunnan Huaxi	47.00%	(237,660)	(32,900,000)	261,060,733
Jinhao Iron	61.48%	(21,204,920)	—	250,307,653
Wenshan Malipo Zijin	24.08%	29,965,311	(22,482,000)	271,624,528
Huanmin Mining	49.00%	(1,206,333)	—	244,017,897
Norton Gold Fields	17.57%	19,776,782	—	225,220,298
Inner Mongolia Jinzhong	42.75%	27,456,575	—	194,203,531
Chongli Zijin	40.00%	71,763,433	(127,489,720)	181,310,197
Longnan Zijin	15.78%	(12,011,532)	—	177,968,810
Malipo Jinwei	61.28%	(2,945,222)	(9,800,000)	150,633,358
Altynken	40.00%	—	—	140,711,749
Heilongjiang Longxing	30.00%	2,569,584	—	127,742,251
Others	Not applicable	(76,864,845)	(87,402,636)	822,895,353
<b>Total</b>		<b>735,915,249</b>	<b>(740,074,356)</b>	<b>5,473,194,165</b>

# Notes to Financial Statements (continued)

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## VII. INVESTMENTS IN OTHER ENTITIES (continued)

### 1. INVESTMENTS IN THE SUBSIDIARIES (continued)

The major financial information of the subsidiaries stated above is stated below. These amounts are before elimination.

	2014						2013					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Xinjiang Ashele	692,841,921	1,847,684,930	2,540,526,851	(294,481,728)	(512,945,000)	(807,426,728)	429,409,118	1,707,490,374	2,136,899,492	(161,442,885)	(49,945,000)	(211,387,885)
Heilongjiang Duobaoshan	340,687,190	2,550,539,290	2,891,226,480	(1,146,613,772)	(464,372,000)	(1,610,985,772)	320,522,787	2,529,847,834	2,850,370,621	(632,414,525)	(1,064,372,000)	(1,696,786,525)
Guizhou Zijin	546,039,803	1,322,466,063	1,868,505,866	(815,166,202)	(230,000,000)	(1,045,166,202)	483,117,239	1,261,644,668	1,744,761,907	(953,308,045)	—	(953,308,045)
Bayannaer	737,005,369	2,626,334,589	3,363,339,958	(1,304,301,595)	(1,208,981,207)	(2,513,282,802)	974,498,153	2,598,907,625	3,573,405,778	(1,835,499,118)	(863,000,000)	(2,698,499,118)
Xinjiang Jinbao	983,476,744	540,002,765	1,523,479,509	(438,054,126)	(9,022,697)	(447,076,823)	806,802,280	471,786,184	1,278,588,464	(657,336,485)	(4,542,697)	(661,879,182)
Yunnan Huaxi	229,753,790	176,642,320	406,396,110	(354,775)	—	(354,775)	212,559,687	193,236,768	405,796,455	(696,142)	—	(696,142)
Jinhao Iron	949,074,428	2,076,254,540	3,025,328,968	(1,721,420,845)	(853,222,108)	(2,574,642,953)	471,170,884	1,780,498,019	2,251,668,903	(836,730,276)	(750,000,000)	(1,586,730,276)
Wenshan Malipo Zijin	1,571,827,789	194,036,448	1,765,864,237	(523,412,594)	—	(523,412,594)	321,776,759	1,538,022,553	1,859,799,312	(591,223,929)	—	(591,223,929)
Huanmin Mining	36,718,836	449,370,511	486,089,347	(37,973,443)	(123,323,575)	(161,297,018)	31,583,171	440,009,392	471,592,563	(37,317,851)	(106,400,657)	(143,718,508)
Norton Gold Fields	290,621,532	1,809,500,919	2,100,122,451	(210,926,654)	(1,005,802,708)	(1,216,729,362)	439,632,669	1,560,401,663	2,000,034,332	(196,316,950)	(931,132,054)	(1,127,449,004)
Inner Mongolia Jinzhong	105,896,288	449,195,052	555,091,340	(233,432,503)	(40,000,000)	(273,432,503)	83,900,496	537,579,525	621,480,021	(302,492,867)	(65,000,000)	(367,492,867)
Chongli Zijin	66,809,882	644,158,507	710,968,389	(202,812,578)	(25,484)	(202,838,062)	83,039,968	656,215,893	739,255,861	(238,879,001)	—	(238,879,001)
Longnan Zijin	146,697,970	736,320,706	883,018,676	(341,269,516)	(211,552,082)	(552,821,598)	169,869,509	654,877,685	824,747,194	(223,659,581)	(366,644,282)	(590,303,863)
Malipo Jinwei	85,015,584	253,380,830	338,396,414	(154,879,108)	—	(154,879,108)	86,536,934	286,132,473	372,669,407	(157,152,624)	—	(157,152,624)
Altynken	56,593,099	1,448,874,323	1,505,467,422	(1,565,392,907)	(3,208,033)	(1,568,600,940)	60,368,258	807,115,736	867,483,994	(939,063,794)	(2,257,502)	(941,321,296)
Heilongjiang Longxing	1,076,443,829	744,399,343	1,820,843,172	(609,131,052)	(790,830,000)	(1,399,961,052)	942,995,117	664,750,674	1,607,745,791	(520,534,733)	(611,364,400)	(1,131,899,133)

	2014				2013			
	Operating income	Net profit/(loss)	Total comprehensive income/(loss)	Cash flows from operating activities	Operating income	Net profit/(loss)	Total comprehensive income/(loss)	Cash flows from operating activities
Xinjiang Ashele	1,397,962,097	587,958,691	587,958,691	478,657,304	1,539,911,446	745,085,989	745,085,989	777,998,392
Heilongjiang Duobaoshan	1,109,918,768	131,996,619	131,996,619	273,332,401	1,204,335,457	242,468,839	242,468,839	500,621,450
Guizhou Zijin	1,834,055,186	84,951,035	84,951,035	119,214,459	1,813,039,160	24,219,024	24,219,024	227,670,831
Bayannaer	3,078,001,449	(35,511,310)	(35,511,310)	369,493,427	2,502,772,851	(117,374,037)	(117,374,037)	126,083,149
Xinjiang Jinbao	1,411,320,199	459,693,404	459,693,404	394,314,267	1,476,417,656	522,601,157	522,601,157	284,157,305
Yunnan Huaxi	313,177	941,023	941,023	2,628,439	96,005,066	95,494,340	95,494,340	(3,788,242)
Jinhao Iron	877,539,000	(324,252,613)	(324,252,613)	(265,934,176)	2,531,183	(33,638,569)	(33,638,569)	(139,739,336)
Wenshan Malipo Zijin	—	(35,542,394)	(35,542,394)	114,716,191	443,205,402	125,513,938	125,513,938	173,815,429
Huanmin Mining	—	(3,081,725)	(3,081,725)	(1,234,743)	—	(2,461,904)	(2,461,904)	(20,840,692)
Norton Gold Fields	1,347,430,734	59,330,450	59,330,450	467,119,153	1,553,367,692	117,213,376	117,213,376	396,626,670
Inner Mongolia Jinzhong	254,905,532	23,679,368	23,679,368	75,188,250	371,295,463	84,137,357	84,137,357	141,640,196
Chongli Zijin	556,143,879	148,581,545	148,581,545	260,501,121	576,539,370	128,215,744	128,215,744	171,152,099
Longnan Zijin	492,881,476	119,758,511	119,758,511	154,132,560	152,001,394	2,560,558	2,560,558	63,256,584
Malipo Jinwei	102,441,474	(31,126,676)	(31,126,676)	1,703,300	135,044,721	(4,837,042)	(4,837,042)	32,799,946
Altynken	—	—	—	—	—	—	—	(460,063)
Heilongjiang Longxing	61,245,223	(54,964,538)	(54,964,538)	22,240,514	59,456,665	8,565,280	8,565,280	(166,941,775)

# Notes to Financial Statements *(continued)*

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## VII. INVESTMENTS IN OTHER ENTITIES *(continued)*

### 2. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

2014

Company name	Principal business place	Place of registration	Principal activities	Registered capital RMB	Proportion of ownership interest		Accounting treatment
					Directly	Indirectly	
<b>Joint ventures</b>							
Shandong Guoda (Note 1)	Zhaoyuan City, Shandong Province	Zhaoyuan City, Shandong Province	Production of gold, silver, copper cathode and vitriol; sales of self-produced products	173,430,000	—	30.05%	Equity method
Xiamen Zijin Zhonghang	Xiamen City, Fujian Province	Xiamen City, Fujian Province	Operation and management of real estate development, property management, business information consulting services, marketing and technology consulting	250,000,000	—	50%	Equity method
Gold Eagle Mining (Note 2)	Hong Kong	Hong Kong	Trading and investment	HKD10,000	—	45%	Equity method
Southwest Zijin Gold	Zhenfeng County, Guizhou Province	Zhenfeng County, Guizhou Province	Research and development of manufacturing technology, design and processing, wholesale, retail, acquisitions, repurchases, consulting services of precious metals and jewellery products	100,000,000	—	50%	Equity method
Guizhou Funeng Zijin (Note 3)	Anshun City, Guizhou Province	Anshun City, Guizhou Province	Power and electricity investment	200,000,000	—	50%	Equity method
Gold Mountains Sprott	Cayman Islands, England	Cayman Islands, England	Fund management	HKD50,000	—	60%	Equity method
Sprott Fund	Cayman Islands, England	Cayman Islands, England	Fund raising and investment	HKD50,000	—	82.89%	Equity method
Fujian Longhu Fishery	Longyan City, Fujian Province	Longyan City, Fujian Province	Ecological aquaculture, fishing, aquatic products processing, recreational fishing, tourism, tourism real estate development	21,500,000	—	51.16%	Equity method
<b>Associates</b>							
Tingjiang Hydro Power	Shanghang County, Fujian Province	Shanghang County, Fujian Province	Hydroelectric power	69,000,000	—	49%	Equity method
Wuping Zijin Hydropower	Wuping County, Fujian Province	Wuping County, Fujian Province	Hydroelectric power and investment in hydropower industry	60,000,000	—	48%	Equity method
Qinghai Copper	Xining City, Qinghai Province	Xining City, Qinghai Province	Refinery of copper	800,000,000	—	30%	Equity method
Haixia Technology	Yongan City, Fujian Province	Yongan City, Fujian Province	Production of dynamite for civilian use	231,500,000	—	27.82%	Equity method
Shanghang Xinyuan	Shanghang County, Fujian Province	Shanghang County, Fujian Province	Pipe water supply	300,000,000	—	38%	Equity method
Hunchun Jindi	Hunchun City, Yanbian Korean Autonomous Prefecture	Hunchun City, Yanbian Korean Autonomous Prefecture	Analysis and testing of mineral geology exploration, technology development, consulting and transfer, sales of mineral products	100,000,000	—	40%	Equity method



# Notes to Financial Statements *(continued)*

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## VII. INVESTMENTS IN OTHER ENTITIES *(continued)*

### 2. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES *(continued)*

2014 *(continued)*

Company name	Principal business place	Place of registration	Principal activities	Registered capital RMB	Proportion of ownership interest		Accounting treatment
					Directly	Indirectly	
<i>Associates (continued)</i>							
Yanbian Credit Security	Yanbian Korean Autonomous Prefecture	Yanbian Korean Autonomous Prefecture	Provide loan guarantees for SMEs and individuals	200,000,000	—	25%	Equity method
Kanas Travel	Buerjin County, Xinjiang	Buerjin County, Xinjiang	Catering and travel services	107,000,000	—	25.23%	Equity method
Longyan Makeng	Longyan City, Fujian Province	Longyan City, Fujian Province	Iron and molybdenum mining	700,000,000	41.5%	—	Equity method
Songpan Zijin	Songpan County, Ngawa Tibetan and Qiang Autonomous Prefecture	Songpan County, Ngawa Tibetan and Qiang Autonomous Prefecture	Sales of industrial materials, equipment and instruments, development and sales of general machinery	80,000,000	34%	—	Equity method
Wancheng Commercial	Wulatehouqi, Bayannaer City, Inner Mongolia	Wulatehouqi, Bayannaer City, Inner Mongolia	Mining, processing and sales of zinc, lead, vitriol, copper and iron	73,440,000	10%	37.5%	Equity method
Tibet Yulong	Changdu County, Changdu Prefecture, Tibet Autonomous Region	Changdu County, Changdu Prefecture, Tibet Autonomous Region	Mining of copper mineral and geological studies	625,000,000	22%	—	Equity method
Xinjiang Tianlong	Fukang City, Xinjian, Xinjiang	Fukang City, Xinjian, Xinjiang	Limestone mining, cement production, intensive processing and refining of non-ferrous metals	868,935,192	—	17.16%	Equity method
Wuxin Copper	Fukang City, Xinjian, Xinjiang	Fukang City, Xinjian, Xinjiang	Sales, processing and refinery of copper, gold, silver and other non-ferrous metals	830,000,000	—	34%	Equity method
Luoyang Huayin	Luoyang City, Henan Province	Luoyang City, Henan Province	Providing guarantee for financing, bill discounted acceptance and performance	10,000,000	—	20%	Equity method
Xiamen Modern Terminals	Xiamen City, Fujian Province	Xiamen City, Fujian Province	Dock Construction, dock and other port facilities; cargo loading and storage operation (under permission in license)	355,580,000	—	25%	Equity method
Wengfu Zijin	Shanghang County, Fujian Province	Shanghang County, Fujian Province	Production of monoammonium phosphate, diammonium hydrogen phosphate, gypsum block, and cement additive (under development)	782,000,000	—	38.87%	Equity method
Zijin Tongguan	Xiamen City, Fujian Province	Xiamen City, Fujian Province	Investment holding of mining companies, wholesale and retail of mineral products, refinery of copper	1,350,000,000	45%	—	Equity method
Kuitun Yutong	Kuitun City, Xinjiang	Kuitun City, Xinjiang	Logistics and transportation service	5,000,000	—	20%	Equity method
Longyan Zijin AVIC	Longyan City, Fujian Province	Longyan City, Fujian Province	Operation and management of real estate development, property management, car park service	20,408,163	—	49%	Equity method
NKWE	South Africa	Bermuda	Mining	AUD77,488,679	—	26.35%	Equity method

# Notes to Financial Statements *(continued)*

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## VII. INVESTMENTS IN OTHER ENTITIES *(continued)*

### 2. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES *(continued)*

2013

Company name	Principal business place	Place of registration	Principal activities	Registered capital RMB	Proportion of ownership interest		Accounting treatment
					Directly	Indirectly	
<b>Joint ventures</b>							
Shandong Guoda (Note 1)	Zhaoyuan City, Shandong Province	Zhaoyuan City, Shandong Province	Production of gold, silver, copper cathode and vitriol; sales of self-produced products	173,430,000	—	30.05%	Equity method
Xiamen Zijin Zhonghang	Xiamen City, Fujian Province	Xiamen City, Fujian Province	Operation and management of real estate development, property management, business information consulting services, marketing and technology consulting	250,000,000	—	50%	Equity method
Gold Eagle Mining (Note 2)	Hong Kong	Hong Kong	Trading and investment	HK\$10,000	—	45%	Equity method
Southwest Zijin Gold	Zhenfeng County, Guizhou Province	Zhenfeng County, Guizhou Province	Research and development of manufacturing technology, design and processing, wholesale, retail, acquisitions, repurchases, consulting services of precious metals and jewellery products	100,000,000	—	50%	Equity method
Gold Mountains Sprott	Cayman Islands, England	Cayman Islands, England	Fund management	HKD50,000	—	60%	Equity method
Sprott Fund	Cayman Islands, England	Cayman Islands, England	Fund raising and investment	HKD50,000	—	90.9%	Equity method
Fujian Longhu Fishery	Longyan City, Fujian Province	Longyan City, Fujian Province	Ecological aquaculture, fishing, aquatic products processing, recreational fishing, tourism, tourism real estate development	21,500,000	—	51.16%	Equity method
<b>Associates</b>							
Tingjiang Hydro Power	Shanghang County, Fujian Province	Shanghang County, Fujian Province	Hydroelectric power	69,000,000	—	49%	Equity method
Wuping Zijin Hydropower	Wuping County, Fujian Province	Wuping County, Fujian Province	Hydroelectric power and investment in hydropower industry	60,000,000	—	48%	Equity method
Qinghai Copper	Xining City, Qinghai Province	Xining City, Qinghai Province	Refinery of copper	800,000,000	—	30%	Equity method
Haixia Technology	Yongan City, Fujian Province	Yongan City, Fujian Province	Production of dynamite for civilian use	231,500,000	—	27.82%	Equity method
Shanghang Xinyuan	Shanghang County, Fujian Province	Shanghang County, Fujian Province	Pipe water supply	300,000,000	—	38%	Equity method
Hunchun Jindi	Hunchun City, Yanbian Korean Autonomous Prefecture	Hunchun City, Yanbian Korean Autonomous Prefecture	Analysis and testing of mineral geology exploration, technology development, consulting and transfer, sales of mineral products	100,000,000	—	40%	Equity method
Yanbian Credit Security	Yanbian Korean Autonomous Prefecture	Yanbian Korean Autonomous Prefecture	Provide loan guarantees for SMEs and individuals	200,000,000	—	25%	Equity method
Kanas Travel	Buerjin County, Xinjiang	Buerjin County, Xinjiang	Catering and travel services	107,000,000	—	25.23%	Equity method
Longyan Makeng	Longyan City, Fujian Province	Longyan City, Fujian Province	Iron and molybdenum mining	600,000,000	31.5%	—	Equity method

# Notes to Financial Statements *(continued)*

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## VII. INVESTMENTS IN OTHER ENTITIES *(continued)*

### 2. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES *(continued)*

2013 *(continued)*

Company name	Principal business place	Place of registration	Principal activities	Registered capital RMB	Proportion of ownership interest		Accounting treatment
					Directly	Indirectly	
<i>Associates (continued)</i>							
Songpan Zijin	Songpan County, Ngawa Tibetan and Qiang Autonomous Prefecture	Songpan County, Ngawa Tibetan and Qiang Autonomous Prefecture	Sales of industrial materials, equipment and instruments, development and sales of general machinery	80,000,000	34%	—	Equity method
Wancheng Commercial	Wulatehouqi, Bayannaoer City, Inner Mongolia	Wulatehouqi, Bayannaoer City, Inner Mongolia	Mining, processing and sales of zinc, lead, vitriol, copper and iron	73,440,000	10%	37.5%	Equity method
Tibet Yulong	Changdu County, Changdu Prefecture, Tibet Autonomous Region	Changdu County, Changdu Prefecture, Tibet Autonomous Region	Mining of copper mineral and geological studies	625,000,000	22%	—	Equity method
Xinjiang Tianlong	Fukang City, Xinjiang, Xinjiang	Fukang City, Xinjiang, Xinjiang	Limestone mining, cement production, intensive processing and refining of non-ferrous metals	868,935,192	—	17.16%	Equity method
Wuxin Copper	Fukang City, Xinjiang, Xinjiang	Fukang City, Xinjiang, Xinjiang	Sales, processing and refinery of copper, gold, silver and other non-ferrous metals	830,000,000	—	34%	Equity method
Luoyang Huayin	Luoyang City, Henan Province	Luoyang City, Henan Province	Providing guarantee for financing, bill discounted acceptance and performance	10,000,000	—	20%	Equity method
Xiamen Modern Terminals	Xiamen City, Fujian Province	Xiamen City, Fujian Province	Dock construction, dock and other port facilities; cargo loading and storage operation (under permission in license)	355,580,000	—	25%	Equity method
Wengfu Zijin	Shanghang County, Fujian Province	Shanghang County, Fujian Province	Production of monoammonium phosphate, diammonium hydrogen phosphate, gypsum block, and cement additive (under development)	782,000,000	—	38.87%	Equity method
Zijin Tongguan	Xiamen City, Fujian Province	Xiamen City, Fujian Province	Investment holding of mining companies, wholesale and retail of mineral products	1,350,000,000	45%	—	Equity method
Kuitun Yutong	Kuitun City, Xinjiang	Kuitun City, Xinjiang	Logistics and transportation service	5,000,000	—	20%	Equity method
Longyan Zijin AVIC	Longyan City, Fujian Province	Longyan City, Fujian Province	Operation and management of real estate development, property management, car park service	10,000,000	—	49%	Equity method

Note 1: Pursuant to the articles of association of Shandong Guoda, the board of directors consists of five directors, including two appointed by the Group and three appointed by Shandong Zhaojin Group Zhaoyuan Gold Refinery Company Limited. The operating decisions of Shandong Guoda are effective only when approved by over two thirds of the directors. Therefore, the management considers that the Group has joint control over Shandong Guoda, and accounts for it as a joint venture.

Note 2: Pursuant to the Shareholders' Agreement, Gold Eagle Mining's board of directors consists of five directors, including two appointed by the Group and three appointed by Jinchuan Group. The operating decisions of Gold Eagle Mining are effective only when approved by over two-thirds of the directors. Therefore, the management considers that the Group has joint control over Gold Eagle Mining, and accounts for it as a joint venture.

Note 3: In December 2014, Guizhou Zijin entered into the Joint Venture Agreement relating to the establishment of Guizhou Funeng Zijin with Fujian Coal and Electric Company Limited, in the respective shareholding ratios of 50% and 50%. Pursuant to the Joint Venture Agreement, the board of directors consists of five directors, including two appointed by the Group and three appointed by Fujian Coal and Electric Company Limited. The operating decisions of Guizhou Funeng Zijin are effective only when approved by over two thirds of the directors. Therefore, the management considers that the Group has joint control over Guizhou Funeng Zijin, and accounts for it as a joint venture.

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For the year ended 31 December 2014

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## VII. INVESTMENTS IN OTHER ENTITIES *(continued)*

### 2. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES *(continued)*

The significant joint ventures of the Group include Shandong Guoda, Xiamen Zijin Zhonghang, Gold Eagle Mining, which are accounted for using the equity method.

The financial information of the above joint ventures is as follows, which was adjusted to book value per consolidated financial statements in accordance with the Group's accounting policies:

#### 2014

	Shandong Guoda	Xiamen Zijin Zhonghang	Gold Eagle Mining
Current assets	933,266,844	1,483,056,280	943,868,697
<i>Including: Cash and cash equivalents</i>	158,549,665	758,098,339	56,984,249
Non-current assets	506,148,791	937,795	3,091,524,962
<b>Total assets</b>	<b>1,439,415,635</b>	<b>1,483,994,075</b>	<b>4,035,393,659</b>
Current liabilities	(790,545,630)	(1,276,051,681)	(1,401,732,381)
Non-current liabilities	(7,365,452)	—	(75,073,209)
<b>Total liabilities</b>	<b>(797,911,082)</b>	<b>(1,276,051,681)</b>	<b>(1,476,805,590)</b>
Non-controlling interests	—	—	—
Equity attributable to owners of the parent	641,504,553	207,942,394	2,558,588,069
Share of net assets	192,772,118	103,971,197	1,151,364,631
Adjustments			
Impairment	(12,350,855)	—	—
Goodwill	—	—	—
Unrealized profit	—	—	—
Others	—	—	—
<b>Book value of equity investments</b>	<b>180,421,263</b>	<b>103,971,197</b>	<b>1,151,364,631</b>
Operating income	2,176,189,499	11,850,000	—
Financial expenses			
Including: Interest income	762,700	2,734,639	3,147,519
Including: Interest expenses	23,712,718	5,293,114	37,756,639
Income tax expenses	6,849,192	2,357,356	—
Net profit/(loss)	21,934,050	(23,593,882)	(52,862,539)
Other comprehensive income	—	—	—
Total comprehensive income/(loss)	21,934,050	(23,593,882)	(52,862,539)
Dividends received	9,014,700	—	—

# Notes to Financial Statements *(continued)*

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## VII. INVESTMENTS IN OTHER ENTITIES *(continued)*

### 2. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES *(continued)*

2013

	Shandong Guoda	Xiamen Zijin Zhonghang	Gold Eagle Mining
Current assets	658,138,711	860,771,976	196,334,328
<i>Including: Cash and cash equivalents</i>	<i>122,804,680</i>	<i>468,359,579</i>	<i>151,122,986</i>
Non-current assets	412,893,273	622,568	2,913,837,141
<b>Total assets</b>	<b>1,071,031,984</b>	<b>861,394,544</b>	<b>3,110,171,469</b>
Current liabilities	(453,748,346)	(569,476,061)	(433,443,492)
Non-current liabilities	(8,815,149)	(60,382,207)	(65,277,369)
<b>Total liabilities</b>	<b>(462,563,495)</b>	<b>(629,858,268)</b>	<b>(498,720,861)</b>
Non-controlling interests	—	—	—
Equity attributable to owners of the parent	608,468,489	231,536,276	2,611,450,608
Share of net assets	182,844,781	115,768,138	1,175,152,774
Adjustments			
Goodwill	—	—	—
Unrealized profit	—	—	—
Others	—	—	—
<b>Book value of equity investments</b>	<b>182,844,781</b>	<b>115,768,138</b>	<b>1,175,152,774</b>
Operating income	2,073,687,860	11,773,776	—
Financial expenses			
Including: Interest income	—	2,167,696	2,860,683
Including: Interest expenses	20,768,807	19,431	12,445,055
Income tax expenses	17,782,798	95,516	—
Net profit/(loss)	56,059,877	(16,905,006)	(47,388,465)
Other comprehensive income	—	—	—
<b>Total comprehensive income/(loss)</b>	<b>56,059,877</b>	<b>(16,905,006)</b>	<b>(47,388,465)</b>
Dividends received	—	—	—

# Notes to Financial Statements *(continued)*

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## VII. INVESTMENTS IN OTHER ENTITIES *(continued)*

### 2. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES *(continued)*

The significant associates of the Group include Longyan Makeng, Tibet Yulong, Zijin Tongguan, Haixia Technology, Xiamen Modern Terminals, Wuxin Copper, Xinjiang Tianlong and Wengfu Zijin, which are accounted for using the equity method.

The financial information of the above associates is as follows, which was adjusted to book value per consolidated financial statements in accordance with the Group's accounting policies:

#### 2014

	Longyan Makeng	Tibet Yulong	Zijin Tongguan	Haixia Technology	Xiamen Modern Terminals	Wuxin Copper	Xinjiang Tianlong	Wengfu Zijin
Current assets	363,699,504	252,757,653	11,951,500	576,590,000	29,543,848	2,608,821,100	829,369,211	317,961,733
Non-current assets	2,917,671,868	3,812,933,214	1,444,768,369	604,444,145	984,017,284	2,293,078,645	3,457,931,422	2,196,338,080
Total assets	3,281,371,372	4,065,690,867	1,456,719,869	1,181,034,145	1,013,561,132	4,901,899,745	4,287,300,633	2,514,299,813
Current liabilities	(1,583,752,250)	(1,086,814,155)	(360,721,986)	(374,960,000)	(30,942,072)	(2,790,219,475)	(1,412,812,648)	(829,246,537)
Non-current liabilities	(656,000,000)	(2,426,458,539)	(25,394,523)	(55,820,000)	(483,950,240)	(1,479,876,946)	(575,450,036)	(902,675,427)
Total liabilities	(2,239,752,250)	(3,513,272,694)	(386,116,509)	(430,780,000)	(514,892,312)	(4,270,096,421)	(1,988,262,684)	(1,731,921,964)
Non-controlling interests	—	—	239,177,820	178,165,174	—	—	—	—
Equity attributable to owners of the parent	1,041,619,122	552,418,173	831,425,540	572,088,971	498,668,820	631,803,324	2,299,037,949	782,377,849
Share of net assets	432,271,936	121,531,998	481,771,512	208,720,703	124,667,205	214,813,130	394,514,912	304,110,270
Adjustments								
Impairments	—	—	(162,757,584)	—	—	—	—	—
Goodwill	331,615,363	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
Book value of equity investments	763,887,299	121,531,998	319,013,928	208,720,703	124,667,205	214,813,130	394,514,912	304,110,270
Operating income	593,396,317	232,708,400	—	977,420,000	129,098,703	1,369,673,550	1,749,596,577	1,415,752,374
Income tax expenses	20,379,728	12,838,825	—	24,210,000	2,571,117	—	—	163,813
Net profit/(loss)	57,772,754	99,195,114	(11,734,098)	84,470,952	18,448,040	(166,493,785)	(91,271,089)	283,689
Other comprehensive income	—	—	—	—	—	—	—	—
Total comprehensive income	57,772,754	99,195,114	(11,734,098)	84,470,952	18,448,040	(166,493,785)	(91,271,089)	283,689
Dividends received	—	—	—	9,660,000	—	—	—	—



# Notes to Financial Statements (continued)

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## VII. INVESTMENTS IN OTHER ENTITIES (continued)

### 2. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

2013

	Longyan Makeng	Tibet Yulong	Zijin Tongguan	Haixia Technology	Xiamen Modern Terminals	Wuxin Copper	Xinjiang Tianlong	Wengfu Zijin
Current assets	320,105,174	269,762,804	41,661,174	492,210,000	52,113,250	1,335,177,152	963,271,593	436,156,529
Non-current assets	2,604,081,012	3,255,919,067	1,039,443,922	637,433,157	998,755,197	2,468,504,724	3,299,779,128	2,187,774,160
<b>Total assets</b>	<b>2,924,186,186</b>	<b>3,525,681,871</b>	<b>1,081,105,096</b>	<b>1,129,643,157</b>	<b>1,050,868,447</b>	<b>3,803,681,876</b>	<b>4,263,050,721</b>	<b>2,623,930,689</b>
Current liabilities	(780,616,056)	(1,262,236,253)	(335,857,678)	(373,850,000)	(43,207,667)	(1,160,381,767)	(1,274,528,953)	(715,329,548)
Non-current liabilities	(1,359,723,762)	(1,810,222,559)	(24,593,480)	(59,790,000)	(527,440,000)	(1,845,003,000)	(598,212,730)	(1,126,506,981)
<b>Total liabilities</b>	<b>(2,140,339,818)</b>	<b>(3,072,458,812)</b>	<b>(360,451,158)</b>	<b>(433,640,000)</b>	<b>(570,647,667)</b>	<b>(3,005,384,767)</b>	<b>(1,872,741,683)</b>	<b>(1,841,836,529)</b>
Non-controlling interests	—	—	250,772,727	161,262,464	—	—	—	—
Equity attributable to owners of the parent	783,846,368	453,223,059	469,881,211	534,740,693	480,220,780	798,297,109	2,390,309,038	782,094,160
Share of net assets	246,911,606	99,709,073	324,294,272	194,880,884	120,055,195	271,421,017	410,177,031	304,000,000
Adjustments								
Goodwill	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
<b>Book value of equity investments</b>	<b>246,911,606</b>	<b>99,709,073</b>	<b>324,294,272</b>	<b>194,880,884</b>	<b>120,055,195</b>	<b>271,421,017</b>	<b>410,177,031</b>	<b>304,000,000</b>
Operating income	631,768,353	116,396,794	—	1,071,660,000	111,708,131	8,817,194	1,754,755,131	—
Income tax expenses	35,722,244	—	—	36,777,000	122,436	—	971,474	—
Net profit/(loss)	105,276,537	78,580,763	(27,649,781)	143,763,000	11,179,173	(22,305,851)	(44,163,810)	—
Other comprehensive income	—	—	—	—	—	—	—	—
Total comprehensive income	105,276,537	78,580,763	(27,649,781)	143,763,000	11,179,173	(22,305,851)	(44,163,810)	—
Dividends received	25,200,000	—	—	9,660,495	—	—	—	—

The following table illustrates the aggregate financial information of the Group's joint ventures and associates that are not individually material:

	2014	2013
<b>Joint ventures</b>		
Aggregate book value of the Group's investments in joint ventures	<b>721,483,764</b>	617,833,061
Items below were calculated by the proportion of equity interest		
Share of net profit/(loss) of joint ventures	<b>28,833,823</b>	(28,794,608)
Share of other comprehensive income of joint ventures	—	—
Share of total comprehensive income/(losses) of joint ventures	<b>28,833,823</b>	(28,794,608)
<b>Associates</b>		
Aggregate book value of the Group's investments in associates	<b>737,849,907</b>	616,110,104
Items below were calculated by the proportion of equity interest		
Share of net profits of associates	<b>15,197,178</b>	93,453,043
Share of other comprehensive income of associates	—	—
Share of total comprehensive income of associates	<b>15,197,178</b>	93,453,043

# Notes to Financial Statements *(continued)*

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## VIII. FINANCIAL INSTRUMENTS AND RISKS

### 1. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The carrying amounts of each category of financial instruments as at the end of reporting date are as follows:

#### 2014

##### Financial assets

	Financial assets at fair value through profit or loss				Total
	Designated as such upon initial recognition	Held-for-trading	Loans and receivables	Available-for-sale investments	
Cash and cash equivalents	—	—	4,076,143,580	—	4,076,143,580
Financial assets at fair value through profit or loss	350,075,920	(37,828,293)	—	—	312,247,627
Bills receivable	—	—	538,484,702	—	538,484,702
Trade receivables	—	—	1,228,075,464	—	1,228,075,464
Other receivables	—	—	1,227,785,223	—	1,227,785,223
Other current assets	—	—	601,678,475	—	601,678,475
Available-for-sale investments	—	—	—	86,038,950	86,038,950
Other non-current assets	—	—	1,233,391,340	—	1,233,391,340
	350,075,920	(37,828,293)	8,905,558,784	86,038,950	9,303,845,361

##### Financial liabilities

	Financial liabilities at fair value through profit or loss			Total
	Designated as such upon initial recognition	Held-for-trading	Other financial liabilities	
Short-term borrowings	—	—	4,551,121,572	4,551,121,572
Financial liabilities at fair value through profit or loss	8,488,808,161	108,730,339	—	8,597,538,500
Bills payable	—	—	282,976,147	282,976,147
Trade payables	—	—	4,011,412,543	4,011,412,543
Dividends payable	—	—	35,938,170	35,938,170
Other payables	—	—	2,226,614,441	2,226,614,441
Current portion of non-current liabilities	—	—	1,347,611,097	1,347,611,097
Long-term borrowings	—	—	8,339,476,546	8,339,476,546
Bonds payable	—	—	7,923,716,925	7,923,716,925
Long-term payables	—	—	331,037,032	331,037,032
	8,488,808,161	108,730,339	29,049,904,473	37,647,442,973

# Notes to Financial Statements *(continued)*

For the year ended 31 December 2014

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## VIII. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

### 1. CLASSIFICATION OF FINANCIAL INSTRUMENTS *(continued)*

2013

Financial assets

	Financial assets at fair value through profit or loss				Total
	Designated as such upon initial recognition	Held-for-trading	Loans and receivables	Available-for-sale investments	
Cash and cash equivalents	—	—	4,428,930,035	—	4,428,930,035
Financial assets at fair value through profit or loss	586,362,534	(110,420,583)	—	—	475,941,951
Bills receivable	—	—	780,847,129	—	780,847,129
Trade receivables	—	—	519,354,631	—	519,354,631
Other receivables	—	—	1,023,800,908	—	1,023,800,908
Other current assets	—	—	305,376,563	—	305,376,563
Available-for-sale investments	—	—	—	343,624,001	343,624,001
Other non-current assets	—	—	175,436,756	—	175,436,756
	586,362,534	(110,420,583)	7,233,746,022	343,624,001	8,053,311,974

Financial liabilities

	Financial liabilities at fair value through profit or loss			Total
	Designated as such upon initial recognition	Held-for-trading	Other financial liabilities	
Short-term borrowings	—	—	2,774,147,375	2,774,147,375
Financial liabilities at fair value through profit or loss	6,810,273,274	(63,538,419)	—	6,746,734,855
Bills payable	—	—	281,648,206	281,648,206
Trade payables	—	—	4,593,524,531	4,593,524,531
Dividends payable	—	—	5,534,343	5,534,343
Other payables	—	—	2,114,545,320	2,114,545,320
Current portion of non-current liabilities	—	—	1,377,984,690	1,377,984,690
Long-term borrowings	—	—	6,997,843,844	6,997,843,844
Bonds payable	—	—	5,405,880,513	5,405,880,513
Long-term payables	—	—	226,434,055	226,434,055
	6,810,273,274	(63,538,419)	23,777,542,877	30,524,277,732

## VIII. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

### 2. RISK OF FINANCIAL INSTRUMENTS

The Group's principal financial instruments, other than derivative financial instruments, including cash and cash equivalents, loans, trade receivables, financial assets/liabilities at fair value through profit or loss, available-for-sale investments, borrowings, trade payables and bonds payable, etc. The main purpose of these financial instruments is to support the Group's operations.

The Group's principal derivative financial instruments mainly includes forward contracts with the purpose of market risk management. The management will manage the market risk of the derivative financial instruments in accordance with the variance between actual metal prices in the active market and estimated target prices, etc.

The Group's principal risks of financial instruments are credit risk, liquidity risk, and market risk. Policies of the risk management of the Group are summarised below.

#### **Credit risk**

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 to ensure the Group's exposure to bad debt is not significant. For offshore transactions that are not denominated in the functional currency of the relevant operating unit, the Group provides no credit terms except that specific approvals are provided by the Head of Credit Control.

The credit risk of the Group's financial assets, which comprises cash and cash equivalents, available-for-sale investments, loans, trade receivables and certain derivative instruments, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group is also exposed to credit risk for providing financial guarantees. Detailed information is disclosed in Note XI.

Since the Group only trades with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed through customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors and industries. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

Financial assets that were not impaired, individually or in the aggregate, were not past due.

As at 31 December 2014, trade receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there is no recent history of default.

#### **Liquidity risk**

The Group uses a circulation liquidity management planning tool to manage the liquidity risk. The planning tool considers the maturity of the financial instruments and expected cash flows generated from operation.

The Group aims to maintain the balance between continuity and flexibility in funding by obtaining debentures, bank borrowings and other loans. As at 31 December 2014, 58% of the Group's borrowings (31 December 2013: 61%) would mature within 12 months.

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## VIII. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

### 2. RISK OF FINANCIAL INSTRUMENTS *(continued)*

#### Liquidity risk *(continued)*

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting periods based on the contractual undiscounted cash flows:

#### 2014

	Within 1 year	Over 1 year but within 5 years	Over 5 years	Total
Short-term borrowings	4,595,990,813	—	—	4,595,990,813
Financial liabilities at fair value through profit or loss	8,597,538,500	—	—	8,597,538,500
Bills payable	282,976,147	—	—	282,976,147
Trade payables	4,011,412,543	—	—	4,011,412,543
Dividends payable	35,938,170	—	—	35,938,170
Other payables	2,226,614,441	—	—	2,226,614,441
Current portion of non-current liabilities	1,386,944,610	—	—	1,386,944,610
Long-term borrowings	343,209,800	7,933,038,142	1,835,811,746	10,112,059,688
Bonds payable	409,827,600	8,931,432,928	—	9,341,260,528
Long-term payables	22,420,674	260,783,239	123,099,141	406,303,054
	<b>21,912,873,298</b>	<b>17,125,254,309</b>	<b>1,958,910,887</b>	<b>40,997,038,494</b>

#### 2013

	Within 1 year	Over 1 year but within 5 years	Over 5 years	Total
Short-term borrowings	2,836,284,298	—	—	2,836,284,298
Financial liabilities at fair value through profit or loss	6,746,734,855	—	—	6,746,734,855
Bills payable	281,648,206	—	—	281,648,206
Trade payables	4,593,524,531	—	—	4,593,524,531
Dividends payable	5,534,343	—	—	5,534,343
Other payables	2,114,545,320	—	—	2,114,545,320
Current portion of non-current liabilities	1,422,318,368	—	—	1,422,318,368
Long-term borrowings	304,125,188	5,892,657,247	1,105,186,598	7,301,969,033
Bonds payable	266,876,760	6,125,923,389	—	6,392,800,149
Long-term payables	20,282,674	178,518,022	80,207,610	279,008,306
	<b>18,591,874,543</b>	<b>12,197,098,658</b>	<b>1,185,394,208</b>	<b>31,974,367,409</b>

# Notes to Financial Statements *(continued)*

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## VIII. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

### 2. RISK OF FINANCIAL INSTRUMENTS *(continued)*

#### Market risk

##### *Interest rate risk*

The Group's interest rate risk exposures arise primarily from its debts bearing floating interest rates.

The Group maintains an appropriate fixed-rate and floating-rate debt portfolio to manage the interest costs. As at 31 December 2014, approximately 60% (2013: 58%) of the interest-bearing borrowings were fixed-rate debt.

The table below demonstrates the sensitivity analysis of the impact (of floating-rate borrowings) on the net profit and equity when possible, reasonable fluctuations of interest rate occur, under the assumption that other variables held constant.

	<b>Increase/ (decrease) in basis point</b>	<b>Increase/ (decrease) in net profit</b>	<b>Increase/ (decrease) in equity<sup>#</sup></b>
<b>2014</b>			
RMB	<b>100/(100)</b>	<b>(11,152,396)/11,152,396</b>	—
USD	<b>100/(100)</b>	<b>(67,852,467)/67,852,467</b>	—
HKD	<b>100/(100)</b>	—	—
EUR	<b>100/(100)</b>	<b>(3,773,125)/3,773,125</b>	—
AUD	<b>100/(100)</b>	<b>(4,144,794)/4,144,794</b>	—
Others	<b>100/(100)</b>	—	—
	Increase/ (decrease) in basis point	Increase/ (decrease) in net profit	Increase/ (decrease) in equity <sup>#</sup>
<b>2013</b>			
RMB	100/(100)	(11,080,787)/11,080,787	—
USD	100/(100)	(53,501,061)/53,501,061	—
HKD	100/(100)	—	—
Others	100/(100)	—	—

<sup>#</sup> Excluded retained earnings.



# Notes to Financial Statements *(continued)*

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## VIII. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

### 2. RISK OF FINANCIAL INSTRUMENTS *(continued)*

#### Market risk *(continued)*

##### Currency risk

Since there are limited hedging instruments available in the PRC that can be used to decrease the currency risk arising from transactions between RMB and other currencies, there was no hedging contracts available to manage the currency risks of the Group during the year.

The table below demonstrates the sensitivity analysis of the impact on the net profit and equity when there were reasonable and possible changes in the exchange rates against the Great British pound, United States dollar, Hong Kong dollar, Canadian dollar, Russian ruble and Australian dollar, under the assumption that other variables held constant.

	Increase/ (decrease) in exchange rate	Increase/ (decrease) in net profit	Increase/ (decrease) in equity <sup>#</sup>
<b>2014</b>			
If RMB weakens against USD	<b>10%</b>	<b>(1,499,215,797)</b>	—
If RMB strengthens against USD	<b>(10%)</b>	<b>1,499,215,797</b>	—
If RMB weakens against GBP	<b>10%</b>	<b>11,009,720</b>	<b>140,130</b>
If RMB strengthens against GBP	<b>(10%)</b>	<b>(11,009,720)</b>	<b>(140,130)</b>
If RMB weakens against HKD	<b>10%</b>	<b>27,598,159</b>	—
If RMB strengthens against HKD	<b>(10%)</b>	<b>(27,598,159)</b>	—
If RMB weakens against CAD	<b>10%</b>	<b>291,413</b>	<b>134,897</b>
If RMB strengthens against CAD	<b>(10%)</b>	<b>(291,413)</b>	<b>(134,897)</b>
If RMB weakens against RUB	<b>10%</b>	<b>96,016</b>	—
If RMB strengthens against RUB	<b>(10%)</b>	<b>(96,016)</b>	—
If RMB weakens against AUD	<b>10%</b>	<b>(77,547,536)</b>	—
If RMB strengthens against AUD	<b>(10%)</b>	<b>77,547,536</b>	—
If RMB weakens against EUR	<b>10%</b>	<b>(22,272,045)</b>	—
If RMB strengthens against EUR	<b>(10%)</b>	<b>22,272,045</b>	—
<b>2013</b>			
If RMB weakens against USD	10%	(1,288,559,358)	—
If RMB strengthens against USD	(10%)	1,288,559,358	—
If RMB weakens against GBP	10%	23,820,879	19,663,476
If RMB strengthens against GBP	(10%)	(23,820,879)	(19,663,476)
If RMB weakens against HKD	10%	37,787,998	9,534,191
If RMB strengthens against HKD	(10%)	(37,787,998)	(9,534,191)
If RMB weakens against CAD	10%	1,680,065	206,417
If RMB strengthens against CAD	(10%)	(1,680,065)	(206,417)
If RMB weakens against RUB	10%	174,056	—
If RMB strengthens against RUB	(10%)	(174,056)	—
If RMB weakens against AUD	10%	11,710,202	4,958,316
If RMB strengthens against AUD	(10%)	(11,710,202)	(4,958,316)

<sup>#</sup> Excluded retained earnings.

# Notes to Financial Statements *(continued)*

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## VIII. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

### 2. RISK OF FINANCIAL INSTRUMENTS *(continued)*

#### Market risk *(continued)*

##### Equity instruments price risk

Equity instruments price risk is the risk that the fair values of equity securities change as a result of changes in the levels of equity indices and the values of individual securities. The Group was exposed to equity price risk arising from individual equity investments classified as financial assets at fair value through profit or loss (Note V 2) and available-for-sale investments (Note V 9) as at 31 December 2014. The Group's listed investments were listed on the Shanghai, Toronto, New York, London, Hong Kong, and Australian stock exchanges, etc., and were measured at quoted market prices at the end of the reporting period.

Market equity indices for the following stock exchanges, at the close of business of the nearest trading day in the year to the end of the reporting period, and their respective highest and lowest closing points during the year were as follows:

	31 December 2014	Highest/ lowest in 2014	31 December 2013	Highest/ lowest in 2013
Shanghai – A Share Index	3,235	3,239/1,991	2,116	2,445/1,850
Hong Kong – Hang Seng Index	23,605	25,363/21,138	23,306	24,112/19,426
Toronto TSX Venture Stock Exchange	696	1,050/637	932	1,242/877
New York Stock Exchange Index	10,839	10,949/10,834	10,400	10,406/10,367
London Stock Exchange Index	6,531	6,878/6,183	6,749	6,876/5,898
Australian Securities Exchange Index	5,411	5,626/5,190	5,352	5,457/4,632

The table below demonstrates the sensitivity analysis of the impact on the profit before tax and equity if the fluctuation was 10% on the basis of the carrying amount as at 31 December 2014 towards fair value of shareholders' equity instruments, under the assumption that other variables held constant and any tax impact was excluded. For available-for-sale investments, the impact was regarded as the variables arising from fair value, which excluded the impairment impact to the statement of profit or loss.

	Carrying amount of equity investments	Increase/(decrease) in profit before tax	Increase/(decrease) in equity <sup>#</sup>
<b>2014</b>			
Financial assets at fair value through profit or loss			
Shanghai Stock Exchange	9,712,510	971,251/(971,251)	—
Hong Kong Stock Exchange	42,752,808	4,275,281/(4,275,281)	—
Toronto Stock Exchange	181,440	18,144/(18,144)	—
Toronto TSX Venture Stock Exchange	978,199	97,820/(97,820)	—
New York Stock Exchange	33,449,941	3,344,994/(3,344,994)	—
London Stock Exchange	—	—	—
Australian Securities Exchange	27,540,864	2,754,086/(2,754,086)	—
Available-for-sale investments			
Toronto TSX Venture Stock Exchange	1,348,968	—	134,897/(134,897)
London Stock Exchange	1,401,298	—	140,130/(140,130)
Australian Securities Exchange	20,004,562	—	2,000,456/(2,000,456)
Hong Kong Stock Exchange	63,284,122	—	6,328,412/(6,328,412)

# Notes to Financial Statements *(continued)*

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## VIII. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

### 2. RISK OF FINANCIAL INSTRUMENTS *(continued)*

#### Market risk *(continued)*

##### Equity instruments price risk *(continued)*

	Carrying amount of equity investments	Increase/(decrease) in profit before tax	Increase/(decrease) in equity <sup>#</sup>
2013			
Financial assets at fair value through profit or loss			
Shanghai Stock Exchange	6,130,520	613,052/(613,052)	—
Hong Kong Stock Exchange	181,065,466	18,106,547/(18,106,547)	—
Toronto Stock Exchange	200,684	20,068/(20,068)	—
Toronto TSX Venture Stock Exchange	2,341,267	234,127/(234,127)	—
New York Stock Exchange	38,577,811	3,857,781/(3,857,781)	—
London Stock Exchange	12,144,260	1,214,426/(1,214,426)	—
Australian Securities Exchange	48,076,816	4,807,682/(4,807,682)	—
Available-for-sale investments			
Toronto TSX Venture Stock Exchange	2,064,176	—	206,418/(206,418)
London Stock Exchange	196,634,757	—	19,663,476/(19,663,476)
Australian Securities Exchange	11,483,317	—	1,148,332/(1,148,332)
Hong Kong Stock Exchange	95,341,909	—	9,534,191/(9,534,191)

<sup>#</sup> Excluded retained earnings.

#### Commodity price risk

The Group's exposure to commodity price risk principally relates to the market price fluctuation in major metals, like gold, copper, zinc and silver, etc. The price fluctuation can affect the Group's operating results.

The Group entered into forward contracts for the sale of gold, copper, zinc and silver. The holding positions of these forward contracts are approved by the board of directors of the Company. All forward commodity contracts can only be carried out under the approval of the board of directors of the Company and executed by the Company's forward exchange team which is composed of top management of the Company. The price range of the forward commodity contracts is closely monitored by the forward exchange team. As at 31 December 2014, most forward 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 and the Company's profit and equity.

## Notes to Financial Statements *(continued)*

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### VIII. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

#### 3. CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally-imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2014 and 31 December 2013.

The Group monitors capital using debt to asset ratio, which is total liabilities divided by total assets. The Group's policy is to maintain the debt to asset ratio under 60%. The debt to asset ratio as at the end of the reporting periods were as follows:

	2014	2013
Total assets	<b>75,159,587,648</b>	66,898,389,120
Total liabilities	<b>41,490,665,303</b>	33,812,937,200
Debt to asset ratio	<b>55%</b>	51%

### IX. DISCLOSURE OF FAIR VALUE

#### 1. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

##### 2014

	Fair value measurement using			Total
	Quoted price in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
Measured at fair value				
Financial assets at fair value through profit or loss				
Held-for-trading equity investments	<b>114,615,762</b>	—	—	<b>114,615,762</b>
Derivative financial assets	<b>60,641,750</b>	—	—	<b>60,641,750</b>
Others	<b>136,990,115</b>	—	—	<b>136,990,115</b>
Available-for-sale investments				
Listed available-for-sale equity instruments	<b>86,038,950</b>	—	—	<b>86,038,950</b>
Total assets measured at fair value	<b>398,286,577</b>	—	—	<b>398,286,577</b>
Financial liabilities at fair value through profit or loss				
Gold leasing business	<b>8,085,325,834</b>	—	—	<b>8,085,325,834</b>
Derivative financial liabilities	<b>512,212,666</b>	—	—	<b>512,212,666</b>
Total liabilities measured at fair value	<b>8,597,538,500</b>	—	—	<b>8,597,538,500</b>

# Notes to Financial Statements *(continued)*

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## IX. DISCLOSURE OF FAIR VALUE *(continued)*

### 1. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE *(continued)*

2013

	Fair value measurement using			Total
	Quoted price in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
Measured at fair value				
Financial assets at fair value through profit or loss				
Held-for-trading equity investments	288,536,824	—	—	288,536,824
Derivative financial assets	14,943,541	—	—	14,943,541
Others	172,461,586	—	—	172,461,586
Available-for-sale investments				
Listed available-for-sale equity instruments	305,524,159	—	—	305,524,159
Total assets measured at fair value	781,466,110	—	—	781,466,110
Financial liabilities at fair value through profit or loss				
Gold leasing business	5,665,210,229	—	—	5,665,210,229
Derivative financial liabilities	1,081,524,626	—	—	1,081,524,626
Total liabilities measured at fair value	6,746,734,855	—	—	6,746,734,855

In year 2014 and 2013, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3.

### 2. ESTIMATION OF FAIR VALUE

The net book values of the Group's financial instruments were approximate to their fair values.

The management has assessed the fair values of cash and cash equivalents, bills receivable, trade receivables, other receivables, other current assets, bills payable, trade payables, dividends payable, other payables and current portion of non-current liabilities, which were approximate to their carrying amounts due to their short term maturities.

The fair value of financial assets and financial liabilities is the amount at which the instruments could be exchanged or debts could be settled respectively, in an arm's length transaction between knowledgeable, willing parties. The following methods and assumptions were used to estimate the fair value.

# Notes to Financial Statements *(continued)*

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## IX. DISCLOSURE OF FAIR VALUE *(continued)*

### 2. ESTIMATION OF FAIR VALUE *(continued)*

Fair value of other non-current assets, short-term and long-term borrowings, long-term payables and bonds payable, have been calculated by discounting the expected future cash flows using market profitability rates currently available for other financial instruments with similar terms, credit risk and remaining maturities. As at 31 December 2014 the Group's own non-performance risk for short-term and long-term borrowings was assessed to be insignificant. The fair values of listed equity investments are measured at quoted market prices. The fair values of unlisted available-for-sale debt instruments have been estimated using a discounted cash flow valuation model based on assumptions that are not supported by observable market prices or interest rates. The valuation requires the management of the Group to make estimates about the expected future cash flows including expected future dividends and proceeds on disposal of the shares. The management of the Group believe that the estimated fair values resulting from the valuation technique, are reasonable, and that they were the most appropriate values at the end of the reporting period.

## X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

### 1. THE LARGEST SHAREHOLDER OF THE COMPANY

Name of the entity	Place of registration	Nature of Business	Registered capital	Proportion of the Company's ownership	Proportion of the Company's voting powers	Ultimate controlling entities
Minxi Xinghang	No. 110 Zhenxing Road, Linjiang Village, Shanghang County, Longyan City, Fujian Province	Investment in Fujian	RMB368 million	27.43%	27.43%	Minxi Xinghang

### 2. SUBSIDIARIES OF THE COMPANY

Principal subsidiaries of the Company are disclosed in Note VII 1.

\* Investment in subsidiaries

	2014	2013
Unlisted shares, at cost	<b>11,235,768,723</b>	10,670,268,723
Loans to subsidiaries without fixed maturity dates	<b>5,772,993,213</b>	2,556,980,000
Financial guarantees to subsidiaries	<b>360,169,419</b>	299,529,483
	<b>17,368,931,355</b>	13,526,778,206
Impairment of long-term equity investments	<b>(286,919,351)</b>	(480,403,330)
	<b>17,082,012,004</b>	13,046,374,876

As at 31 December 2014, the amounts due from subsidiaries of RMB7,002,970,634 (2013: RMB7,162,293,587) were included in the Company's current assets. Except for the loans due from subsidiaries of RMB9,569,552,221 (2013: RMB4,605,313,587) which bore interest rates ranging from nil to 10% (2013: Nil to 10%), other amounts due from subsidiaries were unsecured, interest-free and had no fixed terms of repayment.

As at 31 December 2014, the amounts due to subsidiaries included in the Company's current liabilities of RMB227,251,073 (2013: RMB276,927,341) were unsecured, interest-free and were repayable on demand or within one year.

The financial guarantees offered by the Company to some of its subsidiaries will expire in 1 to 15 years.



# Notes to Financial Statements *(continued)*

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## X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

### 3. ASSOCIATES AND JOINT VENTURES

Information about associates and joint ventures is disclosed in Note VII 2.

### 4. OTHER RELATED PARTIES OF THE COMPANY

Name of entity	Relationship between the related parties and the Company
Xinjiang Nonferrous Logistics Company Limited ("Xinjiang Logistics")	A non-controlling shareholder of Xinjiang Ashele
Sichuan Bureau of Geology and Mineral Exploration ("Sichuan Geology")	A non-controlling shareholder of Sichuan Ganzi Zijin Mining Company Limited ("Ganzi Zijin")
Hongyang Mining	A non-controlling shareholder of Guizhou Zijin
Chongli Finance Bureau State-owned Assets Management Center	A non-controlling shareholder of Chongli Zijin
Jilin The Sixth Geological Survey	A non-controlling shareholder of Tumen Shuguang Mining Company Limited
Longxing International	A non-controlling shareholder of Heilongjiang Longxing
Western Mining Company Limited Zinc Branch ("Western Mining")	A non-controlling shareholder of Bayannaer Zijin
Shanghang County Jinshan Trading	A non-controlling shareholder of the Company

### 5. RELATED PARTY TRANSACTIONS

#### (A) Sales and purchases of products, rendering and receipt of services

Purchase of products/receipt of services:

	Nature of transaction	Related party transaction pricing and decision making procedures	2014	2013
Wancheng Commercial	Purchase of zinc concentrates	Market Price	157,770,907	228,214,072
Haixia Technology	Purchase of raw materials	Market Price	8,026,665	30,951,877
Xinjiang Logistics	Transportation service	Market Price	—	2,621,780
Sichuan Geology	Exploration service	Market Price	1,422,200	468,000
Xiamen Zijin Zhonghang	Construction service	Market Price	202,809,959	60,755,595
Southwest Zijin Gold	Purchase of gold concentrates	Market Price	1,012,639,456	—
Shanghang County Jinshan Trading	Purchase of raw materials	Market Price	7,765,513	—
			<b>1,390,434,700</b>	323,011,324

# Notes to Financial Statements *(continued)*

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## X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

### 5. RELATED PARTY TRANSACTIONS *(continued)*

#### (A) Sales and purchases of products, rendering and receipt of services *(continued)*

Sales of products/rendering of services

	Nature of transaction	Related party transaction pricing and decision making procedures	2014	2013
Haixia Technology	Provision of design service	Market Price	—	38,918
Shandong Guoda	Sales of gold and copper ore	Market Price	<b>131,412,905</b>	199,515,520
Western Mining	Sales of zinc concentrates	Market Price	—	63,610,350
Wengfu Zijin	Sales of vitriol/provision of design service	Market Price	<b>116,740,557</b>	37,553,333
Wuxin Copper	Sales of copper concentrates/provision of examination and testing service	Market Price	<b>228,019,941</b>	—
			<b>476,173,403</b>	300,718,121

#### (B) Related party guarantees

(1) Related party guarantees for bank loans of the Group

2014

Guarantor	Guaranteed party	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether execution of guarantee has been completed
Longxing International	Heilongjiang Longxing	USD21,000,000	29 December 2011	29 December 2020	No

Note: As at 31 December 2014, Heilongjiang Longxing, a subsidiary of the Company, held a loan of USD70,000,000 from the Import-Export Bank of China, of which USD21,000,000 was guaranteed free of charge by Longxing International, a non-controlling shareholder of Heilongjiang Longxing.

# Notes to Financial Statements *(continued)*

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## X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

### 5. RELATED PARTY TRANSACTIONS *(continued)*

#### (B) Related party guarantees *(continued)*

##### (1) Related party guarantees for bank loans of the Group *(continued)*

2013

Guarantor	Guaranteed party	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether execution of guarantee has been completed
Longxing International	Heilongjiang Longxing	USD22,800,000	29 December 2011	29 December 2020	No

Note: As at 31 December 2013, Heilongjiang Longxing, a subsidiary of the Company, held a loan of USD76,000,000 from the Import-Export Bank of China, of which USD22,800,000 was guaranteed free of charge by Longxing International, a non-controlling shareholder of Heilongjiang Longxing.

##### (2) The Group guarantees of bank loans of related parties

2014

Guarantor	Guaranteed party	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether execution of guarantee has been completed
The Company	Wengfu Zijin (Note XI.2 (Note 3))	350,400,000	28 April 2011	27 April 2021	No
Zijin Mining Group Northwest Company Limited ("Northwest Company")	Xinjiang Tianlong (Note XI.2 (Note 4))	80,000,000	16 January 2014	28 April 2017	No
		430,400,000			

# Notes to Financial Statements *(continued)*

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## X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

### 5. RELATED PARTY TRANSACTIONS *(continued)*

#### (B) Related party guarantees *(continued)*

(2) The Group guarantees of bank loans of related parties *(continued)*

2013

Guarantor	Guaranteed party	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether execution of guarantee has been completed
Southern Investment	Tingjiang Hydro Power (Note XI. 2 (Note 2))	10,000,000	31 January 2005	30 January 2016	No
The Company	Wengfu Zijin (Note XI. 2 (Note 3))	399,000,000	28 April 2011	27 April 2021	No
Northwest Company	Xinjiang Tianlong (Note XI. 2 (Note 4))	60,000,000	28 April 2013	14 June 2016	No
		469,000,000			

# Notes to Financial Statements *(continued)*

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## X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

### 5. RELATED PARTY TRANSACTIONS *(continued)*

#### (C) Borrowings to related parties

#### 2014

Borrowers	Note	Amount of borrowings	Inception date	Maturity date	Annual interest rate
Tingjiang Hydro Power	Note 1	100,000	23 October 2013	22 October 2016	6.46%
Tingjiang Hydro Power	Note 1	7,500,000	1 November 2013	31 October 2016	6.46%
Tingjiang Hydro Power	Note 1	10,000,000	8 November 2013	7 November 2016	6.46%
Tingjiang Hydro Power	Note 1	9,500,000	16 January 2014	15 January 2017	6.46%
Zijin Tongguan	Note V.6 (Note 1)	9,000,000	13 April 2012	12 April 2013	—
Zijin Tongguan	Note V.6 (Note 1)	109,350,000	20 June 2012	19 June 2013	—
Zijin Tongguan	Note V.6 (Note 1)	9,000,000	14 January 2013	13 January 2014	—
Zijin Tongguan	Note V.6 (Note 1)	13,500,000	31 October 2013	30 October 2014	—
Zijin Tongguan	Note V.6 (Note 1)	5,400,000	31 July 2014	31 December 2014	—
Gold Eagle Mining	Note 2	138,778,920	11 July 2012	30 June 2015	LIBOR+2.60%
Gold Eagle Mining	Note 2	316,658,250	16 May 2014	15 May 2017	LIBOR+2.60%
Longyan Zijin AVIC	Note 3	27,440,000	12 September 2014	11 September 2016	10.00%
Longyan Zijin AVIC	Note 3	39,200,000	27 June 2014	26 June 2016	10.00%
Longyan Zijin AVIC	Note 3	637,000,000	20 March 2014	19 March 2016	10.00%
Longyan Zijin AVIC	Note 3	4,900,000	21 October 2014	20 October 2016	10.00%
Longyan Zijin AVIC	Note 3	4,900,000	17 December 2014	16 December 2016	10.00%
		<b>1,342,227,170</b>			

#### 2013

Borrowers	Note	Amount of borrowings	Inception date	Maturity date	Annual interest rate
Tingjiang Hydro Power	Note 1	4,000,000	31 August 2011	30 August 2014	6.98%
Tingjiang Hydro Power	Note 1	7,300,000	28 February 2013	27 February 2014	6.30%
Tingjiang Hydro Power	Note 1	6,000,000	23 October 2013	22 October 2016	6.46%
Tingjiang Hydro Power	Note 1	9,000,000	1 November 2013	31 October 2016	6.46%
Tingjiang Hydro Power	Note 1	11,000,000	8 November 2013	7 November 2016	6.46%
Zijin Tongguan	Note V.6 (Note 1)	9,000,000	13 April 2012	12 April 2013	—
Zijin Tongguan	Note V.6 (Note 1)	109,350,000	20 June 2012	19 June 2013	—
Zijin Tongguan	Note V.6 (Note 1)	9,000,000	14 January 2013	13 January 2014	—
Zijin Tongguan	Note V.6 (Note 1)	13,500,000	31 October 2013	30 October 2014	—
Gold Eagle Mining	Note 2	138,277,692	11 July 2012	30 June 2015	LIBOR+2.60%
		<b>316,427,692</b>			

# Notes to Financial Statements *(continued)*

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## X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

### 5. RELATED PARTY TRANSACTIONS *(continued)*

#### (C) Borrowings to related parties *(continued)*

Note 1: Finance Company, a subsidiary of the Company, provided loans to Tingjiang Hydro Power, an associate of the Company, and these loans are without pledge. In 2014, Tingjiang Hydro Power repaid RMB11,300,000 of the loan at maturity and repaid RMB8,400,000 of the loan in advance. Besides, Finance Company provided extra loans of RMB9,500,000 to Tingjiang Hydro Power in current year, and these loans are lent on an unsecured basis.

Note 2: In 2012, Thrive Build Investments Limited ("Thrive Build"), a subsidiary of the Group, and Gold Eagle Mining entered into an agreement. Pursuant to the agreement, Thrive Build provided a loan of USD22,680,000, which was equivalent to RMB138,778,920 (2013: equivalent to RMB138,277,692) to Gold Eagle Mining. In 2014, Thrive Build provided an extra loan of USD 51,750,000, which was equivalent to RMB316,658,250 to Gold Eagle Mining. The above loans were both unsecured with an interest rate of the one-year London Interbank Offered Rate plus 260 basis points.

Note 3: In 2014, the Company provided loans amounted to RMB713,440,000 in total to Longyan Zijin AVIC, and these loans are lent on an unsecured basis.

#### (D) Other related party transactions

##### (1) Compensation of key management and directors' remuneration

	2014	2013
Directors' remuneration	15,006,673	6,774,402
Compensation of key management	10,423,711	5,165,447
	<b>25,430,384</b>	11,939,849

Details of directors' remuneration are disclosed in Note XIII 4.

##### (2) Commitment between the Group and related parties

Pursuant to the extraordinary resolution dated 7 March 2013 of the Investment Committee of the Board, Guizhou Zijin, a subsidiary of the Company, and Southwest Energy and Mineral Resources Corporation Company Limited ("Southwest Energy and Mineral") jointly set up Southwest Zijin Gold with a registered capital of RMB100,000,000, each party holding a 50% equity interest in Southwest Zijin Gold respectively. As at 31 December 2014, Guizhou Zijin had provided RMB25,000,000 of the investment costs. The remaining investment costs of RMB25,000,000 have not yet been provided as at 31 December 2014.

##### (3) Joint external investment of the Group and related parties

On 21 October 2014, the Company, the substantial shareholder of the Company, Minxi Xinghang and other 6 shareholders of Xingcheng Guarantee entered into a capital increase agreement to increase capital of Xingcheng Guarantee. Minxi Xinghang and the Company will make investment in Xingcheng Guarantee to increase its capital. According to the agreement, the registered capital of Xingcheng Guarantee was increased from RMB100,000,000 to RMB250,000,000. Minxi Xinghang invested RMB100,000,000 and the Company invested RMB50,000,000 in the form of preference shares into Xingcheng Guarantee respectively. Upon completion of the transaction, the shareholding percentage of Minxi Xinghang in Xingcheng Guarantee decreased from 79.7% to 71.88%, while the Company held 20% shares in Xingcheng Guarantee. The shareholding percentage of the other 6 shareholders of Xingcheng Guarantee decreased from 20.3% to 8.12%. The contract specifies that the Company holds 20% preference shares of Xingcheng Guarantee, and is entitled to preferential rights over other shareholders of Xingcheng Guarantee in respect of profit and residual assets distribution. However, the right to participate in the decision-making and management of Xingcheng Guarantee is restricted. Xingcheng Guarantee is principally engaged in guarantee business including loan guarantees, bill acceptance guarantees, etc.

\* The related party transaction above was defined as connected transaction or continuing connected transaction under Chapter 14A of the Hong Kong Listing Rules.



# Notes to Financial Statements *(continued)*

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## X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

### 6. AMOUNTS DUE FROM RELATED PARTIES

	2014		2013	
	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Trade receivables				
Haixia Technology	—	—	1,704	—
Wengfu Zijin	2,310,929	—	6,361,930	—
Western Mining	—	—	16,610,350	—
Shandong Guoda	3,165,844	—	—	—
	<b>5,476,773</b>	—	22,973,984	—
Prepayments				
Xiamen Zijin Zhonghang	69,147,271	—	27,629,530	—
Wancheng Commercial	—	—	115,710,717	—
Haixia Technology	2,753	—	—	—
Tibet Yulong	1,853	—	—	—
	<b>69,151,877</b>	—	143,340,247	—
Other receivables				
Chongli Finance Bureau State-owned Assets Management Center	500,000	—	—	—
Sichuan Geology	2,000,000	—	2,000,000	—
Wancheng Commercial	—	—	61	—
Tingjiang Hydro Power	5,968	—	7,616,803	—
Jilin The Sixth Geological Survey	4,000,000	—	4,000,000	—
Xinjiang Tianlong	6,122,667	—	7,180,858	—
Zijin Tongguan	157,444,785	140,992,416	149,647,992	140,992,416
	<b>170,073,420</b>	<b>140,992,416</b>	170,445,714	140,992,416
Other non-current assets				
Tibet Yulong	132,000,000	—	132,000,000	—
Tingjiang Hydro Power	27,100,000	—	30,000,000	—
Qinghai Copper	192,000,000	—	192,000,000	—
Gold Eagle Mining	472,851,341	—	145,436,756	—
Xiamen Zijin Zhonghang	713,440,000	—	—	—
	<b>1,537,391,341</b>	—	499,436,756	—

# Notes to Financial Statements *(continued)*

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## X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

### 7. AMOUNTS DUE TO RELATED PARTIES

	2014	2013
Trade payables		
Haixia Technology	<b>2,904,264</b>	4,118,023
Wancheng Commercial	<b>25,431,592</b>	—
Southwest Zijin Gold	<b>3,926,474</b>	—
	<b>32,262,330</b>	4,118,023
Advances from customers		
Shandong Guoda	<b>2,627,474</b>	12,525,095
Other payables		
Sichuan Geology	<b>751,588</b>	—
Hongyang Mining	<b>19,627,468</b>	—
Zijin Tongguan	—	31,274,589
Longyan Zijin AVIC	<b>23,000,000</b>	—
	<b>43,379,056</b>	31,274,589

Except for amounts due from Tingjiang Hydro Power, Gold Eagle Mining and Longyan Zijin AVIC which were interest-bearing and had a fixed term of repayment, and amount due from Zijin Tongguan which was interest-free and had a fixed term of repayment, other amounts due from/to related parties were interest-free, unsecured and had no fixed terms of repayment.

There were no borrowings provided from the Group to the directors as at 31 December 2014.

## XI COMMITMENTS AND CONTINGENCIES

### 1. COMMITMENTS

	2014	2013
Capital commitments		
Contracted, but not provided (Note 1)	<b>1,407,137,181</b>	3,613,970,325
Authorised, but not contracted for	<b>190,585,455</b>	485,890,437
	<b>1,597,722,636</b>	4,099,860,762
Investment commitments		
Contracted, but not provided (Note 2)	<b>426,640,257</b>	195,312,469
Authorised, but not contracted for	—	35,000,000
	<b>426,640,257</b>	230,312,469

# Notes to Financial Statements *(continued)*

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## XI COMMITMENTS AND CONTINGENCIES *(continued)*

### 1. COMMITMENTS *(continued)*

Note 1: As at 31 December 2014, the capital commitment related to the acquisition and construction of property, plant, machinery and equipment, and mining assets was RMB1,406,297,181 (2013: RMB3,055,970,325).

Note 2: Xinxing Global, a wholly-owned subsidiary of the Group, signed a share subscription agreement with Pretium Resources Inc. of Canada on 8 December 2014. Xinxing Global subscribed a total of 12,836,826 common shares of Pretium Resources, Inc. with cash at the price of CAD6.3 per share. The total amount was CAD80,872,004. As at 19 January 2015, the subscription amount has been paid in full, amounting to RMB426,640,257.

### 2. CONTINGENCIES

	2014	2013
Guarantees provided to third parties		
Tingjiang Hydro Power (Note 2)	—	10,000,000
Wengfu Zijin (Note 3)	350,400,000	399,000,000
Xinjiang Tianlong (Note 4)	80,000,000	60,000,000
Mortgage guarantee of small property owners (Note 5)	5,710,856	163,998,239
Subtotal	436,110,856	632,998,239
Contingencies arising from pending litigation (Note 1)	68,190,631	52,284,733
Total	504,301,487	685,282,972

Note 1: On 21 September 2010, the collapse of the tailing dam of Yinyan Tin Mine of Xinyi Zijin in Guangdong Province, a wholly-owned subsidiary of the Company, was caused by the No.11 severe typhoon "Fanapi", resulting in property losses and casualties in Xinyi City (the "Xinyi Dam Collapse Accident"). Later, the Company and Xinyi Zijin were sued in succession by the Xinyi Municipal Government, victims and entities affected by the Accident.

As at 31 December 2014, a compensation of RMB12,674,539 for casualties was paid off.

On 12 September 2012, Xinyi Municipal Government and the Government of Qianpai Town, Xinyi City, reached an agreement with Xinyi Zijin on behalf of the victims. All property losses within the jurisdiction of Xinyi City caused by the 9.21 Dam Collapse Accident (except for the claims from nine hydropower stations, including Shihuadi Hydropower Station, and one water supply plant) shall be settled with an one-off compensation of RMB245,000,000 paid by Xinyi Zijin. The plaintiff then withdrew the lawsuits. As at 31 December 2014, Xinyi Zijin has paid off the compensation of RMB245,000,000.

As at 31 December 2014, six hydropower stations including that from Shihuadi and one water supply plant claimed compensation for property losses of RMB68,190,631 from Xinyi Zijin.

Currently, the related litigation is still in progress. According to the opinions of the legal advisors, the Group is still in the process of estimating the compensation amount due to the complexity of the legal cases. Therefore, the compensation amount to be borne by the Group cannot be estimated.

Note 2: In 2013, Southern Investment, a subsidiary of the Company, granted to Tingjiang Hydro Power, an associate of the Company, joint guarantees in respect of bank loans at a cap of RMB50,000,000. As at 31 December 2013, Tingjiang Hydro Power has utilised the guarantee facility of RMB10,000,000. As at 31 December 2014, Tingjiang Hydro Power has repaid this borrowings in full.

Note 3: As at 31 December 2014, the Company granted to Wengfu Zijin, an associate of the Company, joint guarantees in respect of bank loans at a cap of RMB450,000,000 (31 December 2013: RMB450,000,000). As at 31 December 2014, Wengfu Zijin has utilised the guarantee facility of RMB350,400,000 (31 December 2013: RMB399,000,000).

# Notes to Financial Statements *(continued)*

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## XI COMMITMENTS AND CONTINGENCIES *(continued)*

### 2. CONTINGENCIES *(continued)*

Note 4: As at 31 December 2014, Northwest Company, a subsidiary of the Company, granted to Xinjiang Tianlong, an associate of the Company, joint guarantees in respect of bank loans at a cap of RMB90,000,000 (31 December 2013: RMB90,000,000). As at 31 December 2014, Xinjiang Tianlong has utilised the guarantee facility of RMB80,000,000 (31 December 2013: RMB60,000,000).

Note 5: As at 31 December 2014, Zijin Real Estate, a subsidiary of the Company, granted a small property owners mortgage pledge to the buyers in respect of their mortgages amounting to RMB5,710,856 (31 December 2013: RMB163,998,239).

Based on the Group's evaluation of the credit rating and repayment ability, the Group considered that the probability that recipients of the guarantees could not repay the liabilities and settle the obligations was remote, and it was unnecessary to accrue the related contingent liabilities.

## XII. POST BALANCE SHEET EVENTS

On 20 March 2015, the proposed final dividends for the year 2014 were approved at the meeting of the board of directors. Before repurchasing H shares, the number of the total shares of the Company was 21,811,963,650. In year 2013 and 2014, the Company repurchased 111,806,000 and 127,344,000 H shares, respectively. The number of H shares repurchased was 239,150,000 in aggregate. Using 21,572,813,650 shares, the remaining shares after deduction of H shares repurchased, as a basis as at 31 December 2014, the Company proposed to distribute a cash dividend of RMB0.8 (including tax) for every 10 shares to all shareholders, totaling approximately RMB1,725,825,092. The proposed final dividend is subject to the approval of the Company's shareholders at the forthcoming Annual General Meeting for the year 2014.

Pursuant to a Share Transfer Agreement entered into between the Group and Wellhope Gold Limited Company on 15 January 2015, the Group transferred 55% equity interest in Golden China Nei Men Gold Exploration Corporation to Wellhope Gold Limited at a consideration of RMB270,000,000. Pursuant to a Share Transfer Agreement entered into between the Group and Huixinda International Investment Co., Ltd. on 15 January 2015, the Group transferred a 5% equity interest in Inner Mongolia Jinzhong Mining Company Limited at a consideration of RMB28,000,000. Pursuant to the above Share Transfer Agreements, the transactions are expected to be completed in the first half of 2015.

On 12 January 2015, the Company made a non-binding, conditional and indicative proposal to acquire all of the issued securities of Norton that the Company did not already own. On 6 February 2015, the Company entered into a binding scheme implementation agreement (the "SIA") with Norton. The SIA provided that the Company will acquire all of the issued securities of Norton that it did not already own, by way of a court approved scheme of arrangement for an offer consideration of AUD0.20 per share. The Company, together with its wholly-owned subsidiary, currently hold approximately 82.43% of Norton's shares. If the scheme of arrangement is approved, the Company will have to pay a total consideration of approximately AUD33,000,000 to acquire all of the remaining 17.57% of Norton shares.

# Notes to Financial Statements *(continued)*

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## XIII. OTHER SIGNIFICANT EVENTS

### 1. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has nine reportable operating segments as follows:

- (1) the gold bullion segment engages in the production of gold bullion through the Group's integrated processes, i.e., mining, processing and refining;
- (2) the processed, refinery and trading gold segment engages in the production of gold bullion by processing gold concentrates produced by the Group or purchased from external suppliers and in the physical gold trading business;
- (3) the gold concentrates segment engages in the production of gold concentrates by processing gold ore produced by the Group;
- (4) the copper cathodes segment engages in the production of copper cathodes through the Group's integrated processes, i.e., mining, processing and refining;
- (5) the refinery copper segment engages in the production of copper cathodes by processing copper concentrates produced by the Group or purchased from external suppliers;
- (6) the copper concentrates segment engages in the production of copper concentrates by processing copper ore produced by the Group;
- (7) other concentrates segment comprises, principally, the production of zinc concentrates, tungsten concentrates, lead concentrates and iron concentrates;
- (8) the zinc bullion segment engages in the production of zinc bullion;
- (9) segment of others comprises, principally, the production of vitriol, copperplate, silver and iron, etc.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's operating profit before tax except that interest income, finance costs, dividend income, fair value gains/(losses) from the Group's financial instruments as well as head office and corporate expenses are excluded from this measurement.

Segment assets exclude cash and cash equivalents, deferred tax assets, equity investments at fair value through profit or loss, derivative financial instruments, available-for-sale investments and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude financial liabilities at fair value through profit or loss, derivative financial instruments, bank and other borrowings, deferred tax liabilities, taxes payable, bonds payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

# Notes to Financial Statements *(continued)*

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## XIII. OTHER SIGNIFICANT EVENTS *(continued)*

### 1. OPERATING SEGMENT INFORMATION *(continued)*

2014

Items	Gold bullion	Processed, refinery and trading gold	Gold concentrates	Copper cathodes	Refinery copper	Copper concentrates	Other concentrates	Zinc bullion	Others	Eliminations	Consolidated
Segment revenue:											
Sales to external customers	3,772,700,143	28,576,978,492	3,749,519,460	640,766,970	8,843,099,727	4,042,981,754	3,312,472,587	2,436,801,233	3,385,213,562	—	58,760,533,928
Intersegment sales	52,392,342	2,550,842,509	261,629,424	101,706,071	994,296,414	113,939,505	142,547,107	385,047,343	3,003,882,431	(7,606,283,146)	—
Total	3,825,092,485	31,127,821,001	4,011,148,884	742,473,041	9,837,396,141	4,156,921,259	3,455,019,694	2,821,848,576	6,389,095,993	(7,606,283,146)	58,760,533,928
Segment profit/(loss) †	938,819,265	(32,373,610)	819,507,324	115,495,709	110,568,315	1,487,037,590	948,853,680	(1,773,988)	(453,378,100)	—	3,932,756,185
Interest and dividend income											196,520,361
Unallocated income											81,462,932
Finance costs											(886,601,488)
Segment profit before tax											3,324,137,990
Assets and liabilities											
Segment assets	33,565,848,457	10,879,383,581	9,835,508,955	6,266,229,998	6,129,709,370	15,275,109,225	14,173,606,233	2,948,935,298	45,535,752,841	(76,823,721,469)	67,786,362,489
Unallocated assets											7,373,225,159
Total assets											75,159,587,648
Segment liabilities	17,618,564,922	6,248,076,025	5,475,442,238	3,544,099,070	4,645,128,897	7,498,127,259	10,897,888,235	2,095,342,412	35,290,636,891	(74,399,691,908)	18,913,614,041
Unallocated liabilities											22,577,051,262
Total liabilities											41,490,665,303
Other segment information											
Share of profits or losses of:											
Associates	—	4,304,549	—	(34,784,963)	—	(5,280,344)	56,891,527	—	4,714,326	—	21,540,546
Joint ventures	—	—	—	—	—	—	—	—	(4,411,281)	—	(106,732)
Impairment losses recognised in the statement of profit or loss	34,528,623	55,530,137	50,308,877	1,948,295	139,796,237	24,968,621	97,790,563	28,370	149,395,710	—	549,295,433
Impairment losses reversed in the statement of profit or loss	(148,482)	(6,766,099)	(301,224)	—	(175,604,542)	(37,266)	—	—	(3,485,015)	—	(186,342,628)
Unallocated non-cash income	97,365,189	1,385,271,766	120,208,328	21,351,872	433,803,372	91,375,622	72,756,098	119,953,831	308,377,306	(141,213,373)	2,650,463,384
Depreciation and amortisation	—	—	—	384,345,128	—	319,013,928	925,100,232	—	1,560,650,064	—	3,189,109,352
Investments in associates	—	201,538,186	—	—	—	—	—	—	1,955,702,669	—	2,157,240,855
Investments in joint ventures	—	—	—	—	—	—	—	—	—	—	—
Capital expenditure	2,195,065,225	144,038,459	2,409,996,209	32,222,604	63,874,566	336,328,614	1,055,134,838	315,140,656	1,553,358,144	—	8,105,159,315
Unallocated capital expenditure											9,988,988



# Notes to Financial Statements (continued)

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## XIII. OTHER SIGNIFICANT EVENTS (continued)

### 1. OPERATING SEGMENT INFORMATION (continued)

2013

Items	Gold bullion	Processed, refinery and trading gold	Gold concentrates	Copper cathodes	Refinery copper	Copper concentrates	Other concentrates	Zinc bullion	Others	Eliminations	Consolidated
Segment revenue:											
Sales to external customers	4,922,447,589	18,158,915,135	3,936,590,918	604,707,310	8,710,197,645	4,392,695,960	2,853,273,363	1,974,786,158	4,217,897,820	—	49,771,511,898
Intersegment sales	531,265,301	1,493,399,996	1,229,643,252	261,782,583	282,271,178	663,030,054	538,684,424	—	2,180,033,344	(7,180,110,132)	—
Total	5,453,712,890	19,652,315,131	5,166,234,170	866,489,893	8,992,468,823	5,055,726,014	3,391,957,787	1,974,786,158	6,397,931,164	(7,180,110,132)	49,771,511,898
Segment profit/(loss) *	1,777,579,945	74,069,867	861,979,659	90,516,260	(197,726,164)	1,706,456,665	1,200,098,575	(63,302,783)	(236,431,470)	—	5,213,240,554
Interest and dividend income											122,507,418
Unallocated expenses											(694,106,613)
Finance costs											(806,939,789)
Segment profit before tax											3,834,701,570
Assets and liabilities											
Segment assets	28,413,655,609	3,528,590,907	7,867,643,159	5,193,904,003	5,131,641,830	13,601,657,723	12,037,788,008	3,205,468,899	37,052,333,291	(56,623,680,463)	59,409,002,966
Unallocated assets											7,489,386,154
Total assets											66,898,389,120
Segment liabilities	13,241,485,972	1,475,742,612	4,057,734,715	2,629,909,781	4,041,144,449	5,834,667,325	9,305,963,327	2,223,834,046	29,873,631,959	(48,798,990,201)	23,885,123,985
Unallocated liabilities											9,977,813,215
Total liabilities											33,812,937,200
Other segment information											
Share of profits or losses of:											
Associates	—	—	—	10,222,260	—	(12,442,401)	110,831,864	—	37,246,953	—	145,858,676
Joint ventures	—	27,359,216	—	—	—	—	—	—	(56,061,332)	—	(28,702,116)
Impairment losses recognised in the statement of profit or loss	181,417,179	30,197,425	44,760,990	8,129	24,984,164	336,381,743	9,364,681	7,502,484	205,252,237	—	839,869,032
Impairment losses reversed in the statement of profit or loss	(2,284,817)	(16,077,015)	(36,966)	—	(24,688,001)	(2,317,037)	—	—	(2,323,830)	—	(47,727,666)
Unallocated non-cash income											18,736,057
Depreciation and amortisation	410,803,511	495,336,976	279,514,553	43,622,844	369,565,672	265,145,006	213,845,468	84,115,108	231,830,432	—	2,393,779,570
Investments in associates	—	—	—	419,130,090	—	324,294,272	404,102,686	—	1,440,032,134	—	2,587,559,182
Investments in joint ventures	—	206,267,359	—	—	—	—	—	—	1,885,331,395	—	2,091,598,754
Capital expenditure	2,331,728,305	971,928,396	963,677,128	256,435,243	285,800,568	1,102,246,908	973,708,956	294,466,170	1,616,205,573	—	8,796,197,247
Unallocated capital expenditure											11,007,558

# Notes to Financial Statements *(continued)*

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## XIII. OTHER SIGNIFICANT EVENTS *(continued)*

### 1. OPERATING SEGMENT INFORMATION *(continued)*

\* Segment profit/loss, which excluded intersegment transaction revenue/cost, is operating profit/loss from external customers.

#### Geographical information

Over 97% (2013: 96%) of the Group's operating income was derived from customers based in Mainland China, and over 64% (2013: 68%) of the Group's assets were located in Mainland China.

#### Information about a major customer

In the year of 2014, the Group's income from Shanghai Gold Exchange was RMB32,129,711,740 (2013: RMB22,533,573,715). The operating income was mainly derived from gold bullion, processed, refinery and trading gold and gold concentrates segments.

### 2. LEASING

#### As lessor

As at 31 December 2014, irrevocable operating lease contracts entered into by the Group are as follows:

	2014	2013
Within 1 year (Including 1 year)	5,911,134	5,776,645
Over 1 year but within 2 years (Including 2 years)	5,333,325	7,726,278
Over 2 years but within 3 years (Including 3 years)	4,787,250	5,748,084
Over 3 years but within 5 years (Including 5 years)	3,191,778	3,448,620
Over 5 years	1,408,431	979,200
	<b>20,631,918</b>	<b>23,678,827</b>

The assets for operating leases above are accounted for as investment properties of the Group.

\* The operating lease income included in profit or loss in 2014 was RMB5,776,645 (2013: RMB4,636,479).

#### As lessee

Significant operating lease: pursuant to the operating lease agreement entered into with lessors, the minimum lease payments under irrevocable operating leases are fall due as follows:

	2014	2013
Within 1 year (Including 1 year)	11,278,570	10,006,526
Over 1 year but within 2 years (Including 2 years)	9,032,017	8,481,946
Over 2 years but within 3 years (Including 3 years)	5,595,490	7,061,123
Over 3 years but within 5 years (Including 5 years)	—	5,595,490
	<b>25,906,077</b>	<b>31,145,085</b>

### 3. Comparative figures

As disclosed in Notes II.2, with the adoption of certain regulations of CAS since 1 July 2014, the accounting treatment, presentation and the corresponding amount of some accounts in the financial statements had been revised in accordance with the new requirements. Correspondingly, certain figures of previous financial years have been adjusted and certain comparable figures have been reclassified and restated to comply with the presentation and accounting treatment requirements of the current year.

# Notes to Financial Statements *(continued)*

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## XIII. OTHER SIGNIFICANT EVENTS *(continued)*

### \*4. DIRECTORS' REMUNERATION

Directors' remuneration accrued during the year	2014	2013
Fees	300,000	772,800
Other emoluments:		
Salaries	12,120,000	3,700,000
Discretionary bonuses <sup>#</sup>	2,506,200	2,258,096
Pension scheme contributions	80,473	43,506
	<b>14,706,673</b>	6,001,602
	<b>15,006,673</b>	6,774,402

<sup>#</sup> The discretionary bonuses were determined by a certain percentage of the increased amount of the Group's net assets.

There were no emoluments paid by the Group to a director as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2013: Nil).

#### (a) Independent non-executive directors/non-executive directors

The fees accrued and paid to the independent non-executive directors/non-executive directors during the year are as follows:

	2014	2013
Mr. Chen Yuchuan (Note 1)	—	137,000
Mr. Lin Yongjing (Note 1)	—	125,000
Mr. Su Congfu (Note 1)	—	125,000
Mr. Wang Xiaojun (Note 1)	—	135,800
Mr. Peng Jiaqing (Note 1)	—	125,000
Mr. Qiu Guanzhou (Note 3)	—	—
Mr. Lu Shihua (Note 2)	—	25,000
Mr. Ding Shida (Note 2)	—	25,000
Mr. Jiang Yuzhi (Note 2)/(Note 4)	—	25,000
Mr. Sit Hoi Wah, Kenneth (Note 2)	150,000	25,000
Mr. Li Jian (Note 2)	150,000	25,000
	<b>300,000</b>	772,800

Note 1: Resigned from independent non-executive directors/non-executive directors of the Company on 24 October 2013.

Note 2: Appointed as independent non-executive directors/non-executive directors of the Company on 25 October 2013.

Note 3: Appointed as independent non-executive director of the Company on 23 October 2014.

Note 4: Resigned from independent non-executive director of the Company on 23 October 2014

# Notes to Financial Statements *(continued)*

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## XIII. OTHER SIGNIFICANT EVENTS *(continued)*

### \*4. DIRECTORS' REMUNERATION *(continued)*

#### (b) Executive directors

The directors' remuneration accrued for executive directors during the year are as follows:

	Basic salaries	Discretionary bonuses	Pension scheme contributions	Total
<b>2014</b>				
Executive directors				
Mr. Chen Jinghe	2,400,000	651,158	8,843	3,060,001
Mr. Wang Jianhua (Note 1)	3,120,000	946,450	—	4,066,450
Mr. Qiu Xiaohua	1,200,000	227,148	—	1,427,148
Mr. Lan Fusheng	1,800,000	227,148	22,556	2,049,704
Mr. Zou Laichang	1,800,000	227,148	24,537	2,051,685
Mr. Lin Hongfu (Note 4)	1,800,000	227,148	24,537	2,051,685
	<b>12,120,000</b>	<b>2,506,200</b>	<b>80,473</b>	<b>14,706,673</b>
<b>2013</b>				
Executive directors				
Mr. Chen Jinghe	750,000	605,346	—	1,355,346
Mr. Wang Jianhua (Note 1)	520,000	99,563	—	619,563
Mr. Luo Yingnan (Note 2)	330,000	380,151	—	710,151
Mr. Qiu Xiaohua	450,000	293,259	—	743,259
Mr. Lan Fusheng	550,000	293,259	21,753	865,012
Mr. Zou Laichang	550,000	293,259	21,753	865,012
Mr. Huang Xiaodong (Note 3)	250,000	271,536	—	521,536
Mr. Lin Hongfu (Note 4)	300,000	21,723	—	321,723
	<b>3,700,000</b>	<b>2,258,096</b>	<b>43,506</b>	<b>6,001,602</b>

Pursuant to the remuneration policy of the Company, the remuneration, allowances, benefits in kind and discretionary bonuses accrued for the executive directors are subject to the approval of the Remuneration Committee and the shareholders at the Annual General Meeting.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

Note 1: Appointed as president of the Company on 1 June 2013, and appointed as executive director on 25 October 2013.

Note 2: Resigned from the president of the Company on 31 May 2013, and resigned from executive director on 25 October 2013.

Note 3: Resigned from executive director of the Company on 25 October 2013.

Note 4: Appointed as executive director of the Company on 25 October 2013.

# Notes to Financial Statements *(continued)*

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## XIII. OTHER SIGNIFICANT EVENTS *(continued)*

### \*5. THE FIVE HIGHEST PAID EMPLOYEES OF THE GROUP DURING THE YEAR

The five highest paid employees of the Group during the year included five directors (2013: five directors). More details are disclosed in Note XIII 4.

### \*6. PENSION SCHEME CONTRIBUTIONS

	2014	2013
Net payment of pension scheme contributions	<b>169,026,473</b>	132,656,324

In 2014, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2013: Nil).

### \*7. NET CURRENT (LIABILITIES)/ASSETS

	31 December 2014 The Group	31 December 2013 The Group	31 December 2014 The Company	31 December 2013 The Company
Current assets	<b>19,618,226,590</b>	17,931,787,510	<b>13,625,502,425</b>	13,901,567,503
Less: current liabilities	<b>23,504,058,573</b>	19,959,966,260	<b>7,855,796,242</b>	6,871,251,956
Net current (liabilities)/assets	<b>(3,885,831,983)</b>	(2,028,178,750)	<b>5,769,706,183</b>	7,030,315,547

### \*8. TOTAL ASSETS LESS CURRENT LIABILITIES

	31 December 2014 The Group	31 December 2013 The Group	31 December 2014 The Company	31 December 2013 The Company
Total assets	<b>75,159,587,648</b>	66,898,389,120	<b>40,590,520,144</b>	34,087,967,065
Less: current liabilities	<b>23,504,058,573</b>	19,959,966,260	<b>7,855,796,242</b>	6,871,251,956
Total assets less current liabilities	<b>51,655,529,075</b>	46,938,422,860	<b>32,734,723,902</b>	27,216,715,109

### 9. OTHERS

On 9 November 2012, the Company entered into the No.QDIIHZH2012-001 Asset Management Agreement with Essence Securities Co., Ltd. ("Essence") and Industrial and Commercial Bank of China Limited. Pursuant to the agreement, the Company, as the specific customer of Essence, was eligible to make foreign listed equity investments in the mining industry at a maximum facility of USD200,000,000. The relevant arrangements were approved by the resolution passed at the eighteenth board meeting of the fourth term of board of directors on 26 October 2012. As at 31 December 2014, the Company had paid in aggregate an amount of RMB906,000,000 (31 December 2013: RMB906,000,000) into a QDII account for delegating the equity investments by Essence. As at 31 December 2014, the closing balance of QDII account was RMB13,881,014 (31 December 2013: RMB112,592,561).

# Notes to Financial Statements *(continued)*

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## XIV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

### 1. TRADE RECEIVABLES

The trade receivables are interest-free with a credit period of one to six months.

An ageing analysis of the trade receivables is as follows:

	2014	2013
Within 1 year	515,446,841	497,253,083
Over 1 year but within 2 years	309,455,235	649,857,840
Over 2 years but within 3 years	228,337	1,972,197
Over 3 years	—	17,407,271
	<b>825,130,413</b>	1,166,490,391
Less: bad debt provision	<b>142,120</b>	88,513
	<b>824,988,293</b>	1,166,401,878

The movements of bad debt provision of the trade receivables are as follows:

	At 1 January	Additions	Reductions		At 31 December
			Reversal	Write-off	
<b>2014</b>	<b>88,513</b>	<b>53,607</b>	—	—	<b>142,120</b>
2013	88,513	—	—	—	88,513

	2014					2013				
	Carrying amount		Bad debt provision		Net book value	Carrying amount		Bad debt provision		Net book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Individually significant and for which bad debt provision has been assessed individually	799,079,529	96.84	—	—	799,079,529	1,156,626,880	99.15	—	—	1,156,626,880
Individually not significant but for which bad debt provision has been assessed individually	26,050,884	3.16	142,120	0.55	25,908,764	9,863,511	0.85	88,513	0.90	9,774,998
	<b>825,130,413</b>	<b>100.00</b>	<b>142,120</b>	<b>0.02</b>	<b>824,988,293</b>	1,166,490,391	100.00	88,513	0.01	1,166,401,878

In 2014, the provision for bad debt was RMB53,607 (2013 : Nil), and there was neither reversal nor write-off of bad debt (2013: Nil).

In 2014, there was no write-off of trade receivables (2013: Nil).



# Notes to Financial Statements *(continued)*

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## XIV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

### 1. TRADE RECEIVABLES *(continued)*

As at 31 December 2014, top five entities with the largest balances of trade receivables are as follows:

Name of entity	Amount	Proportion of trade receivables (%)	Ageing	Closing balance of bad debt provision
Zijin Copper	750,993,316	91.02	Within 1 year/ Over 1 year but within 2 years	—
Zijin Mining Group (Xiamen) Marketing Company Limited ("Zijin Xiamen Marketing")	37,094,831	4.50	Within 1 year/ Over 1 year but within 2 years	—
Fuyun Jinshan Mining Co., Ltd.	12,033,604	1.46	Within 1 year	—
Qinghai West	4,882,827	0.59	Within 1 year	—
Jinhao Iron	4,000,000	0.48	Within 1 year	—
	<b>809,004,578</b>	<b>98.05</b>		—

In 31 December 2013, top five entities with the largest balances of trade receivables are as follows:

Name of entity	Amount	Proportion of trade receivables (%)	Ageing	Closing balance of bad debt provision
Zijin Copper	960,905,942	82.38	Within 1 year/ Over 1 year but within 2 years	—
Jinyi Copper	108,313,097	9.29	Within 1 year	—
Zijin Xiamen Marketing	61,572,557	5.28	Within 1 year/ Over 1 year but within 2 years	—
Fujian Zijin Copper Company Limited	17,359,817	1.49	Within 1 year	—
Fujian Jinshan Gold Refinery Company Limited ("Jinshan Refinery")	8,475,468	0.73	Within 1 year	—
	<b>1,156,626,881</b>	<b>99.17</b>		—

# Notes to Financial Statements *(continued)*

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## XIV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

### 2. OTHER RECEIVABLES

Ageing analysis of other receivables is as follows:

	2014	2013
Within 1 year	<b>2,306,066,959</b>	2,706,994,184
Over 1 year but within 2 years	<b>620,196,382</b>	2,101,658,797
Over 2 years but within 3 years	<b>1,732,213,988</b>	1,589,215,609
Over 3 years	<b>2,876,853,087</b>	1,833,032,438
	<b>7,535,330,416</b>	8,230,901,028
Less: bad debt provision	<b>147,350,792</b>	147,339,482
	<b>7,387,979,624</b>	8,083,561,546

Movements in bad debt provision of other receivables are as follows:

	At 1 January	Additions	Reductions		At 31 December
			Reversal	Write-off	
<b>2014</b>	<b>147,339,482</b>	<b>20,786,194</b>	<b>—</b>	<b>(20,774,884)</b>	<b>147,350,792</b>
2013	6,347,066	140,992,416	—	—	147,339,482

	2014					2013				
	Carrying amount		Bad debt provision		Net book value	Carrying amount		Bad debt provision		Net book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
	Individually significant and for which bad debt provision has been assessed individually	7,269,618,625	96.47	140,992,416	1.94	7,128,626,209	8,015,679,568	97.39	140,992,416	1.76
Individually not significant but for which bad debt provision has been assessed individually	265,711,791	3.53	6,358,376	2.39	259,353,415	215,221,460	2.61	6,347,066	2.95	208,874,394
	<b>7,535,330,416</b>	<b>100</b>	<b>147,350,792</b>	<b>1.96</b>	<b>7,387,979,624</b>	8,230,901,028	100	147,339,482	1.79	8,083,561,546

## Notes to Financial Statements *(continued)*

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### XIV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

#### 2. OTHER RECEIVABLES *(continued)*

As at 31 December 2014, other receivables individually significant and for which bad debt provision had been assessed individually is as follows:

	Carrying amount	Bad debt provision	Proportion (%)	Reason for providing bad debt provision
Zijin Tongguan	146,443,980	140,992,416	96.28	Project the borrowing used in is without any progress

As at 31 December 2013, other receivables individually significant and for which bad debt provision had been assessed individually is as follows:

	Carrying amount	Bad debt provision	Proportion (%)	Reason for providing bad debt provision
Zijin Tongguan	140,992,416	140,992,416	100.00	Project the borrowing used in is without any progress

Bad debt provision amounted to RMB20,786,194 was provided in 2014 (2013: RMB140,992,416), and no bad debt provision was recovered or reversed in 2014 (2013: Nil).

Bad debt provision amounted to RMB20,774,884 was written-off in 2014 (2013: Nil).

## Notes to Financial Statements *(continued)*

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### XIV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

#### 2. OTHER RECEIVABLES *(continued)*

Nature of other receivables is as follows:

	2014	2013
Security and deposits	10,316,564	11,781,750
Advanced material costs	22,973,979	29,318,736
Deferred expenses	43,883,838	42,176,715
Receivables for settlement of forwards	162,070,984	47,765,284
Staff advances	3,624,641	5,098,795
Due from subsidiaries	7,052,386,699	7,162,293,587
Due from associates and joint ventures	149,533,633	143,493,924
Due from governments	24,346,063	708,590,000
Others	66,194,015	80,382,237
	<b>7,535,330,416</b>	8,230,901,028
Less: Bad debt provision	<b>147,350,792</b>	147,339,482
	<b>7,387,979,624</b>	8,083,561,546

Top five entities with the largest balances of other receivables are as follows:

#### 31 December 2014

	Nature	Amount	Ageing	Proportion of other receivables (%)	Closing balance of bad debt provision
Gold Mountains (H.K.)	Due from subsidiaries	1,070,679,037	Within 1 year and over 1 year but within 2 years	14.21	—
Southern Investment	Due from subsidiaries	1,066,704,605	Within 1 year, over 1 year but within 2 years, over 2 year but within 3 years and over 3 years	14.15	—
Zijin Real Estate	Due from subsidiaries	940,634,885	Within 1 year, over 1 year but within 2 years, over 2 year but within 3 years and over 3 years	12.48	—
Northwest Company	Due from subsidiaries	683,535,758	Within 1 year and over 3 years	9.07	—
ZGC	Due from subsidiaries	506,050,048	Within 1 year and over 1 year but within 2 years	6.72	—
		<b>4,267,604,333</b>		<b>56.63</b>	<b>—</b>

# Notes to Financial Statements *(continued)*

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## XIV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

### 2. OTHER RECEIVABLES *(continued)*

31 December 2013

	Nature	Amount	Ageing	Proportion of other receivables (%)	Closing balance of bad debt provision
Southern Investment	Due from subsidiaries	1,034,568,905	Within 1 year, over 1 year but within 2 years, over 2 years but within 3 years and over 3 years	12.57	—
Northwest Company	Due from subsidiaries	909,641,137	Within 1 year, over 1 year but within 2 years, over 2 years but within 3 years and over 3 years	11.05	—
Zijin Real Estate	Due from subsidiaries	752,413,029	Within 1 year, over 1 year but within 2 years, over 2 years but within 3 years and over 3 years	9.14	—
Gold Mountains (H.K.)	Due from subsidiaries	644,551,456	Within 1 year	7.83	—
Xinyi Zijin	Due from subsidiaries	558,196,872	Within 1 year, over 1 year but within 2 years and over 2 year but within 3 years	6.78	—
		3,899,371,399		47.37	—

### \*3. AVAILABLE-FOR-SALE INVESTMENTS

	2014			2013		
	Carrying amount	Impairment provision	Net book value	Carrying amount	Impairment provision	Net book value
Available-for-sale debt instruments	—	—	—	—	—	—
Available-for-sale equity instruments						
Measured at fair value	—	—	—	268,910,411	(76,261,483)	192,648,928
Measured at cost	<b>214,750,000</b>	—	<b>214,750,000</b>	164,750,000	—	164,750,000
	<b>214,750,000</b>	—	<b>214,750,000</b>	433,660,411	(76,261,483)	357,398,928

# Notes to Financial Statements *(continued)*

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## XIV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

### \*3. AVAILABLE-FOR-SALE INVESTMENTS *(continued)*

Available-for-sale investments measured at fair value:

	2014			2013		
	Available-for-sale equity instruments	Available-for-sale debt instruments	Total	Available-for-sale equity instruments	Available-for-sale debt instruments	Total
Cost of equity instruments/Amortised cost of debt instruments	—	—	—	295,234,508	—	295,234,508
Fair value	—	—	—	192,648,928	—	192,648,928
Accumulated changes in fair value recognised as other comprehensive income	—	—	—	(26,324,097)	—	(26,324,097)
Impairment provision at 31 December	—	—	—	(76,261,483)	—	(76,261,483)

Available-for-sale investments measured at cost:

#### 2014

	Carrying amount				Impairment provision				Proportion of equity interest (%)	Cash dividends received for the year
	At 1 January	Additions	Reductions	At	At 1 January	Additions	Reductions	At		
				31 December				31 December		
Shanghai Rural Commercial Bank	89,900,000	—	—	89,900,000	—	—	—	—	10.00	15,000,000
Hunan Nonferrous Metals	30,000,000	—	—	30,000,000	—	—	—	—	1.37	—
Nanjing China Net	25,000,000	—	—	25,000,000	—	—	—	—	8.62	150,000
Liwu Copper	19,850,000	—	—	19,850,000	—	—	—	—	5.77	5,000,000
Xingcheng Guarantee	—	50,000,000	—	50,000,000	—	—	—	—	20.00	—
	164,750,000	50,000,000	—	214,750,000	—	—	—	—		20,150,000

#### 2013

	Carrying amount				Impairment provision				Proportion of equity interest (%)	Cash dividends received for the year
	At 1 January	Additions	Reductions	At	At 1 January	Additions	Reductions	At		
				31 December				31 December		
Shanghai Rural Commercial Bank	89,900,000	—	—	89,900,000	—	—	—	—	10.00	10,200,000
Hunan Nonferrous Metals	30,000,000	—	—	30,000,000	—	—	—	—	1.37	—
Nanjing China Net	25,000,000	—	—	25,000,000	—	—	—	—	8.62	150,000
Liwu Copper	19,850,000	—	—	19,850,000	—	—	—	—	5.77	8,000,000
	164,750,000	—	—	164,750,000	—	—	—	—		18,350,000



# Notes to Financial Statements *(continued)*

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## XIV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

### \*3. AVAILABLE-FOR-SALE INVESTMENTS *(continued)*

Movements of impairment provision for available-for-sale investments are as follows:

	2014			2013		
	Available-for-sale equity instruments	Available-for-sale debt instruments	Total	Available-for-sale equity instruments	Available-for-sale debt instruments	Total
Impairment provision at 1 January	<b>76,261,483</b>	—	<b>76,261,483</b>	113,975,059	—	113,975,059
Additions	—	—	—	26,105,804	—	26,105,804
<i>Including: transfer from other comprehensive income</i>	—	—	—	<i>26,105,804</i>	—	<i>26,105,804</i>
Reductions	<b>(76,261,483)</b>	—	<b>(76,261,483)</b>	(63,819,380)	—	(63,819,380)
Impairment provision at 31 December	—	—	—	76,261,483	—	76,261,483

### 4. LONG-TERM EQUITY INVESTMENTS

	2014			2013		
	Book value	Impairment	Net book value	Book value	Impairment	Net book value
Investment in subsidiaries	<b>11,595,938,142</b>	<b>(286,919,351)</b>	<b>11,309,018,791</b>	10,969,798,206	(480,403,330)	10,489,394,876
Investment in associates	<b>1,445,812,057</b>	<b>(162,757,584)</b>	<b>1,283,054,473</b>	910,935,401	(162,757,584)	748,177,817
	<b>13,041,750,199</b>	<b>(449,676,935)</b>	<b>12,592,073,264</b>	11,880,733,607	(643,160,914)	11,237,572,693

\* The subsidiaries and associates held by the Company were unlisted as at 31 December 2014 and 31 December 2013.

# Notes to Financial Statements *(continued)*

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## XIV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

### 4. LONG-TERM EQUITY INVESTMENTS *(continued)*

#### (i) Investment in subsidiaries

	1 January 2013	Additions	Reductions	31 December 2013	Additions	Reductions	31 December 2014	Provision for impairment at 31 December 2014
Longsheng County Dexin Mining Company Limited	53,550,000	—	—	53,550,000	—	—	53,550,000	—
Guizhou Zijin	30,600,000	—	—	30,600,000	—	—	30,600,000	—
Anhui Zijin Mining Company Limited	6,000,000	—	—	6,000,000	—	(6,000,000)	—	—
Xiamen Zijin	401,882,436	144,487	—	402,026,923	34,690	—	402,061,613	—
Xinjiang Ashele	139,335,849	—	—	139,335,849	—	—	139,335,849	—
Hunchun Zijin	185,437,500	—	—	185,437,500	—	—	185,437,500	—
Tongling Zijin Mining Company Limited	25,500,000	—	—	25,500,000	—	—	25,500,000	—
Ganzi Zijin	24,000,000	—	—	24,000,000	—	—	24,000,000	—
Southern Investment	583,228,206	5,012,813	—	588,241,019	748,808	—	588,989,827	—
Qinghai West	936,000,000	—	—	936,000,000	—	—	936,000,000	—
Northwest Company	300,045,584	4,212,193	—	304,257,777	20,278,179	—	324,535,956	—
Bayannaoer Zijin	318,325,993	11,518,791	—	329,844,784	—	—	329,844,784	—
Gold Mountains (H.K.)	793,420,813	—	—	793,420,813	8,892,225	—	802,313,038	—
Zijin International Mining Company Limited	167,355,583	6,424,871	—	173,780,454	14,799,202	—	188,579,656	—
Yunnan Huaxi	86,830,000	—	—	86,830,000	—	—	86,830,000	—
Henan Jinda Mining Company Limited	129,880,000	—	—	129,880,000	—	—	129,880,000	—
Luoyang Yinhui	105,000,000	—	—	105,000,000	—	—	105,000,000	—
Xinyi Zijin	243,900,000	—	—	243,900,000	—	—	243,900,000	(243,900,000)
Jinshan Refinery	298,000,000	—	—	298,000,000	—	(298,000,000)	—	—
Fujian Zijin Hotel Management Company Limited	10,000,000	—	—	10,000,000	—	—	10,000,000	—
Fujian Zijin Mining Technology Company Limited	5,000,000	—	—	5,000,000	—	—	5,000,000	—
Chongli Zijin	142,500,000	—	—	142,500,000	—	—	142,500,000	—
Longkou Jintai	192,000,000	—	—	192,000,000	—	(192,000,000)	—	—
Shanxi Zijin	127,284,118	—	—	127,284,118	—	—	127,284,118	—
Zijin Mining Group Southwest Company Limited	1,184,809,370	11,851	—	1,184,821,221	—	—	1,184,821,221	—
Xiamen Zijin Mining and Metallurgy Technology Company Limited	50,000,000	—	—	50,000,000	—	—	50,000,000	—

# Notes to Financial Statements *(continued)*

For the year ended 31 December 2014

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## XIV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

### 4. Long-term equity investments *(continued)*

#### (i) Investment in subsidiaries *(continued)*

	1 January 2013	Additions	Reductions	31 December 2013	Additions	Reductions	31 December 2014	Provision for impairment at 31 December 2014
Wuping Zijin Mining Company Limited	18,956,208	508,829	—	19,465,037	—	—	19,465,037	—
Jinshan Investment	8,000,000	—	—	8,000,000	—	(8,000,000)	—	—
Zijin Real Estate	300,000,000	—	—	300,000,000	—	—	300,000,000	—
Longnan Zijin	354,113,355	16,392,368	—	370,505,723	—	—	370,505,723	(43,019,351)
Huanmin Mining	306,000,000	—	—	306,000,000	—	—	306,000,000	—
Inner Mongolia Zijin Mining Company Limited	100,000,000	—	—	100,000,000	—	—	100,000,000	—
Zijin Mining Group Northeast Asia Company Limited	659,178,710	10,545,040	—	669,723,750	3,172,623	—	672,896,373	—
Qinghai Zijin	450,066,992	—	(450,066,992)	—	—	—	—	—
Finance Company	475,000,000	—	—	475,000,000	—	—	475,000,000	—
Zijin Copper	1,822,647,343	—	—	1,822,647,343	298,000,000	—	2,120,647,343	—
Xinjiang Jinneng Mining Co., Ltd.	50,000,000	—	—	50,000,000	—	—	50,000,000	—
Zijin Xiangyu (Longyan) Logistics Company Limited	13,000,000	—	—	13,000,000	—	—	13,000,000	—
Zijin Xiamen Marketing	20,000,000	—	—	20,000,000	—	—	20,000,000	—
Jinyi Copper	140,000,000	4,185	—	140,004,185	4,919,831	—	144,924,016	—
Ankang Zijin Mining Company Limited	68,800,000	9,441,710	—	78,241,710	7,794,378	—	86,036,088	—
Zijin Mining Group Gansu Mining Development Company Limited	—	30,000,000	—	30,000,000	—	—	30,000,000	—
Luoyang Kunyu	—	—	—	—	700,000,000	—	700,000,000	—
Boshang Zijin	—	—	—	—	25,500,000	—	25,500,000	—
Zijin Global Metals	—	—	—	—	46,000,000	—	46,000,000	—
	11,325,648,060	94,217,138	(450,066,992)	10,969,798,206	1,130,139,936	(504,000,000)	11,595,938,142	(286,919,351)

# Notes to Financial Statements *(continued)*

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## XIV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

### 4. Long-term equity investments *(continued)*

#### (ii) Investments in associates

2014

Company name	Movements during the year										Provision for impairment at 31 December 2014
	At 1 January 2014	Additions	Reductions	Income under equity method	Other comprehensive income	Other changes in equity	Cash dividends declared by investee	Provision for impairment losses	Others	At 31 December 2014	
Longyan Makeng	246,911,606	493,000,000	—	23,975,693	—	—	—	—	—	763,887,299	—
Tibet Yulong	99,709,073	—	—	21,822,925	—	—	—	—	—	121,531,998	—
Songnan Zijin	39,249,785	—	—	—	—	—	—	—	—	39,249,785	—
Zijin Tongguan	324,294,272	—	—	(5,280,344)	—	—	—	—	—	319,013,928	(162,757,584)
Wancheng Commercial	38,013,081	—	—	5,358,382	—	—	(4,000,000)	—	—	39,371,463	—
	748,177,817	493,000,000	—	45,876,656	—	—	(4,000,000)	—	—	1,283,054,473	(162,757,584)

2013

Company name	Movements during the year										Provision for impairment at 31 December 2013
	At 1 January 2013	Additions	Reductions	Income under equity method	Other comprehensive income	Other changes in equity	Cash dividends declared by investee	Provision for impairment losses	Others	At 31 December 2013	
Longyan Makeng	213,749,497	25,200,000	—	33,162,109	—	—	(25,200,000)	—	—	246,911,606	—
Tibet Yulong	82,421,305	—	—	17,287,768	—	—	—	—	—	99,709,073	—
Songnan Zijin	39,249,785	—	—	—	—	—	—	—	—	39,249,785	—
Zijin Tongguan	499,494,257	—	—	(12,442,401)	—	—	—	(162,757,584)	—	324,294,272	(162,757,584)
Wancheng Commercial	35,480,676	2,780,000	—	16,004,404	—	—	(16,252,000)	—	—	38,013,081	—
	870,395,520	27,980,000	—	54,011,880	—	—	(41,452,000)	(162,757,584)	—	748,177,817	(162,757,584)

# Notes to Financial Statements *(continued)*

For the year ended 31 December 2014

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## XIV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

### \*5. FIXED ASSETS

2014

	Buildings	Mining assets	Power generating and transmission equipment	Plant, machinery and equipment	Motor vehicles	Furniture and fixtures and others	Total
<b>Cost</b>							
At 1 January 2014	528,534,303	3,062,445,643	46,051,168	751,026,630	79,285,849	85,532,408	4,552,876,001
Purchase additions	704,866	45,235,172	196,520	66,529,720	7,281,245	7,136,055	127,083,578
Transfer from construction in progress	51,965,006	186,991,886	1,272,634	8,756,270	—	1,896,612	250,882,408
Disposals or write off	(20,367,028)	(64,235,563)	(213,720)	(43,394,126)	(3,673,734)	(3,644,200)	(135,528,371)
At 31 December 2014	560,837,147	3,230,437,138	47,306,602	782,918,494	82,893,360	90,920,875	4,795,313,616
<b>Accumulated depreciation</b>							
At 1 January 2014	88,420,518	874,031,265	22,365,968	367,198,494	37,855,165	46,913,207	1,436,784,617
Depreciation for the year	29,896,662	234,090,473	1,885,060	63,476,701	11,439,018	9,947,998	350,735,912
Disposals or write off	(342,490)	(18,496,588)	(154,701)	(11,306,962)	(2,698,322)	(3,040,363)	(36,039,426)
At 31 December 2014	117,974,690	1,089,625,150	24,096,327	419,368,233	46,595,861	53,820,842	1,751,481,103
<b>Impairment</b>							
At 1 January 2014	—	—	44,092	1,434,765	—	1,147	1,480,004
Impairment provided for the year	—	—	13,157	1,008,399	—	—	1,021,556
Disposals or write off	—	—	(44,092)	(75,778)	—	(180)	(120,050)
At 31 December 2014	—	—	13,157	2,367,386	—	967	2,381,510
<b>Net book value</b>							
At 31 December 2014	442,862,457	2,140,811,988	23,197,118	361,182,875	36,297,499	37,099,066	3,041,451,003
At 1 January 2014	440,113,785	2,188,414,378	23,641,108	382,393,371	41,430,684	38,618,054	3,114,611,380

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2014

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### XIV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

#### \*5. FIXED ASSETS *(continued)*

2013

	Buildings	Mining assets	Power generating and transmission equipment	Plant, machinery and equipment	Motor vehicles	Furniture and fixtures and others	Total
<b>Cost</b>							
At 1 January 2013	386,653,885	2,276,723,088	45,824,732	667,370,518	72,405,686	58,226,261	3,507,204,170
Purchase additions	313,046	55,670,522	—	119,897,206	14,362,270	14,355,965	204,599,009
Transfer from construction in progress	145,184,311	761,270,872	505,831	5,288,184	—	15,171,387	927,420,585
Disposals or write off	(3,616,939)	(31,218,839)	(279,395)	(41,529,278)	(7,482,107)	(2,221,205)	(86,347,763)
At 31 December 2013	528,534,303	3,062,445,643	46,051,168	751,026,630	79,285,849	85,532,408	4,552,876,001
<b>Accumulated depreciation</b>							
At 1 January 2013	71,027,811	707,768,834	20,540,274	324,934,146	31,272,502	39,484,601	1,195,028,168
Depreciation for the year	18,712,836	186,980,400	2,061,608	69,725,197	10,144,119	9,229,420	296,853,580
Disposals or write off	(1,320,129)	(20,717,969)	(235,914)	(27,460,849)	(3,561,456)	(1,800,814)	(55,097,131)
At 31 December 2013	88,420,518	874,031,265	22,365,968	367,198,494	37,855,165	46,913,207	1,436,784,617
<b>Impairment</b>							
At 1 January 2013	—	—	—	731,670	—	967	732,637
Impairment provided for the year	—	—	44,092	755,526	—	180	799,798
Disposals or write off	—	—	—	(52,431)	—	—	(52,431)
At 31 December 2013	—	—	44,092	1,434,765	—	1,147	1,480,004
<b>Net book value</b>							
At 31 December 2013	440,113,785	2,188,414,378	23,641,108	382,393,371	41,430,684	38,618,054	3,114,611,380
At 1 January 2013	315,626,074	1,568,954,254	25,284,458	341,704,702	41,133,184	18,740,693	2,311,443,365



# Notes to Financial Statements *(continued)*

For the year ended 31 December 2014

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## XIV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

### \*5. FIXED ASSETS *(continued)*

Fixed assets that are fully depreciated but still in use are as follows:

	2014		2013	
	Cost	Net book value	Cost	Net book value
Buildings	1,742,116	—	1,151,344	3,015
Mining assets	489,127,252	609,735	468,109,149	964,796
Power generating and transmission equipment	11,494,152	340,775	10,810,357	319,811
Plant, machinery and equipment	157,896,052	4,547,535	123,558,689	3,422,403
Motor vehicles	14,844,870	422,450	10,734,590	280,444
Furniture and fixtures and others	28,377,275	622,763	25,538,561	521,634
	<b>703,481,717</b>	<b>6,543,258</b>	639,902,690	5,512,103

Fixed assets that are temporarily idle are as follows:

#### 2014

	Cost	Accumulated depreciation	Impairment	Net book value
Plant, machinery and equipment	7,480,868	(4,200,598)	(1,640,135)	1,640,135

#### 2013

	Cost	Accumulated depreciation	Impairment	Net book value
Mining assets	235,127	(156,751)	—	78,376
Plant, machinery and equipment	2,221,364	(1,344,607)	(390,457)	486,300
	2,456,491	(1,501,358)	(390,457)	564,676

## Notes to Financial Statements *(continued)*

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### XIV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

#### \*5. FIXED ASSETS *(continued)*

There were no fixed assets of the Company leased or leased out under finance leases.

Fixed assets of which certificates of title have not been obtained as at 31 December 2014 are as follows:

Item	Net book value	Reasons why certificates of title have not been obtained
Buildings	145,183,220	In the process of applying

Fixed assets of which certificates of title have not been obtained as at 31 December 2013 are as follows:

Item	Net book value	Reasons why certificates of title have not been obtained
Buildings	101,675,539	In the process of applying
Mining assets	589,774,337	In the process of applying
	691,449,876	

#### \*6. CONSTRUCTION IN PROGRESS

2014			2013		
Cost	Impairment	Net book value	Cost	Impairment	Net book value
667,056,609	—	667,056,609	455,097,581	—	455,097,581

# Notes to Financial Statements (continued)

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## XIV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

### \*6. CONSTRUCTION IN PROGRESS (continued)

2014

	Budget	At 1 January 2014	Additions	Transfer to fixed assets	Other reductions	At 31 December 2014	Contribution in budget	Progress of construction	Balance of capitalised borrowing cost as at 31 December 2014	Including: capitalised interest for the year	Interest rate of capitalisation (%)	Source of funds
Zijinshan Gold and Copper Mine joint open pit mining project	1,983,553,517	364,043,336	413,998,672	(236,898,587)	—	541,143,421	83%	61%	—	—	N/A	Equity Fund
Zijin Headquaters infrastructure project	160,694,734	90,807,679	47,234,417	(13,194,408)	—	124,847,688	117%	95%	—	—	N/A	Equity Fund
Others	1,500,000	246,566	1,608,347	(789,413)	—	1,065,500	N/A	N/A	—	—	N/A	Equity Fund
	2,145,748,251	455,097,581	462,841,436	(250,882,408)	—	667,056,609			—	—		
Impairment		—				—						
		455,097,581				667,056,609						

2013

	Budget	At 1 January 2013	Additions	Transfer to fixed assets	Other reductions	At 31 December 2013	Contribution in budget	Progress of construction	Balance of capitalised borrowing cost as at 31 December 2013	Including: capitalised interest for the year	Interest rate of capitalisation (%)	Source of funds
Zijinshan Gold and Copper Mine joint open pit mining project	1,233,124,117	850,249,096	401,409,549	(887,615,309)	—	364,043,336	99%	77%	—	—	N/A	Equity Fund
Zijin Headquaters infrastructure project	157,468,265	59,857,069	70,108,040	(39,157,430)	—	90,807,679	95%	88%	—	—	N/A	Equity Fund
Others	2,180,000	10,636,844	5,690,171	(647,846)	(15,432,603)	246,566	N/A	N/A	—	—	N/A	Equity Fund
	1,392,772,382	920,743,009	477,207,760	(927,420,585)	(15,432,603)	455,097,581			—	—		
Impairment		—				—						
		920,743,009				455,097,581						

For the year ended 31 December 2014, there were no borrowing costs eligible for capitalisation of the Company (2013: Nil).

As at 31 December 2014, there was no impairment of construction in progress of the Company (2013: Nil).

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2014

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### XIV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

#### \*7. INTANGIBLE ASSETS

2014

	Exploration and mining rights	Land use rights	Membership of Shanghai Gold Exchange and others	Total
Cost:				
At 1 January 2014	419,682,274	87,229,841	1,990,722	508,902,837
Purchase additions	—	—	273,482	273,482
Disposals or write off	(19,836,771)	(2,499,840)	—	(22,336,611)
At 31 December 2014	399,845,503	84,730,001	2,264,204	486,839,708
Accumulated amortisation				
At 1 January 2014	193,903,178	11,457,084	908,020	206,268,282
Amortisation provided for the year	4,512,300	1,474,215	282,368	6,268,883
Disposals or write off	(14,772,394)	—	—	(14,772,394)
At 31 December 2014	183,643,084	12,931,299	1,190,388	197,764,771
Impairment				
At 1 January 2014	—	—	—	—
Impairment provided for the year	—	—	—	—
Disposals or write off	—	—	—	—
At 31 December 2014	—	—	—	—
Net book value				
At 31 December 2014	216,202,419	71,798,702	1,073,816	289,074,937
At 1 January 2014	225,779,096	75,772,757	1,082,702	302,634,555

# Notes to Financial Statements *(continued)*

For the year ended 31 December 2014

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## XIV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

### \*7. INTANGIBLE ASSETS *(continued)*

2013

	Exploration and mining rights	Land use rights	Membership of Shanghai Gold Exchange and others	Total
<b>Cost</b>				
At 1 January 2013	407,936,574	87,229,841	2,051,722	497,218,137
Purchase additions	11,745,700	—	—	11,745,700
Disposals or write off	—	—	(61,000)	(61,000)
At 31 December 2013	419,682,274	87,229,841	1,990,722	508,902,837
<b>Accumulated amortisation</b>				
At 1 January 2013	163,907,207	9,853,448	819,283	174,579,938
Amortisation provided for the year	29,995,971	1,603,636	149,737	31,749,344
Disposals or write off	—	—	(61,000)	(61,000)
At 31 December 2013	193,903,178	11,457,084	908,020	206,268,282
<b>Impairment</b>				
At 1 January 2013	—	—	—	—
Impairment provided for the year	—	—	—	—
Disposals or write off	—	—	—	—
At 31 December 2013	—	—	—	—
<b>Net book value</b>				
At 31 December 2013	225,779,096	75,772,757	1,082,702	302,634,555
At 1 January 2013	244,029,367	77,376,393	1,232,439	322,638,199

Land use rights are situated in Mainland China and held under medium-term leases.

## Notes to Financial Statements *(continued)*

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### XIV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

#### 8. LONG-TERM DEFERRED ASSETS

##### 2014

	At 1 January	Additions	Amortisation	Other reductions	At 31 December
Land compensation costs (Note 1)	45,309,047	9,064,588	(13,245,552)	—	41,128,083
Others (Note 2)	131,492,436	17,960,291	(26,559,493)	(13,362)	122,879,872
	<b>176,801,483</b>	<b>27,024,879</b>	<b>(39,805,045)</b>	<b>(13,362)</b>	<b>164,007,955</b>

##### 2013

	At 1 January	Additions	Amortisation	Other reductions	At 31 December
Land compensation costs (Note 1)	57,947,440	—	(12,638,393)	—	45,309,047
Others (Note 2)	19,315,701	125,041,531	(12,864,796)	—	131,492,436
	77,263,141	125,041,531	(25,503,189)	—	176,801,483

Note 1: The land compensation costs relate to the compensation for the occupation of forest lands at mining sites. The amortisation period ranges from 5 to 50 years.

Note 2: As at 31 December 2014, other long-term deferred assets mainly included: forest compensation expenditure of RMB56,806,430 (31 December 2013: RMB64,080,349). The amortisation period is 10 years.

#### 9. OTHER NON-CURRENT ASSETS

	2014	2013
Exploration and evaluation costs	<b>112,200,108</b>	102,766,273
Prepaid investment costs, prepayment for exploration and mining rights and others (Note 1)	<b>9,717,388,560</b>	4,222,048,363
	<b>9,829,588,668</b>	4,324,814,636

Note 1: The Company's balance of prepaid investment costs, prepayment for exploration and mining rights and others mainly comprised of prepayment for land use rights of RMB6,152,500 (2013: RMB6,000,000); prepaid investment costs of RMB478,000,000 (2013: RMB577,000,000); prepayment for purchase of equipment of RMB95,625 (2013: RMB95,625); long-term receivables of RMB8,315,522,187 (2013: RMB3,669,596,613).



# Notes to Financial Statements (continued)

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## XIV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

### \* 10. PROVISION FOR IMPAIRMENT OF ASSETS

2014

	At	Additions	Reductions		At 31
	1 January 2014		Reversal	Write-off	December 2014
	Carrying amount				Carrying amount
Bad debt provision	147,427,995	20,839,801	—	(20,774,884)	147,492,912
<i>Including: Trade receivables</i>	88,513	53,607	—	—	142,120
<i>Other receivables</i>	147,339,482	20,786,194	—	(20,774,884)	147,350,792
Inventory provision	2,080,724	621,723	(179,197)	(548,523)	1,974,727
Impairment of available-for-sale investments	76,261,483	—	—	(76,261,483)	—
Impairment of long-term equity investments	643,160,914	—	—	(193,483,979)	449,676,935
Impairment of fixed assets	1,480,004	1,021,556	—	(120,050)	2,381,510
Impairment of other non-current assets	45,000,000	—	—	—	45,000,000
	915,411,120	22,483,080	(179,197)	(291,188,919)	646,526,084

2013

	At	Additions	Reductions		At
	1 January 2013		Reversal	Write-off	31 December 2013
	Carrying amount				Carrying amount
Bad debt provision	6,435,579	140,992,416	—	—	147,427,995
<i>Including: Trade receivables</i>	88,513	—	—	—	88,513
<i>Other receivables</i>	6,347,066	140,992,416	—	—	147,339,482
Inventory provision	4,722,375	2,020,172	(4,596,784)	(65,039)	2,080,724
Impairment of available-for-sale investments	113,975,059	26,105,804	—	(63,819,380)	76,261,483
Impairment of long-term equity investments	480,403,330	162,757,584	—	—	643,160,914
Impairment of fixed assets	732,637	799,798	—	(52,431)	1,480,004
Impairment of other non-current assets	45,000,000	—	—	—	45,000,000
	651,268,980	332,675,774	(4,596,784)	(63,936,850)	915,411,120

# Notes to Financial Statements *(continued)*

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## XIV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

### 11. TRADE PAYABLES

\*An ageing analysis of the trade payables, based on the invoice dates, is as follows:

	2014	2013
Within 1 year	521,153,169	345,548,349
Over 1 year but within 2 years	26,488,051	16,998,056
Over 2 years but within 3 years	2,010,340	2,040,761
Over 3 years	6,228,051	7,715,642
	<b>555,879,611</b>	372,302,808

The trade payables are interest-free and are normally settled within three months.

As at 31 December 2014, there was no significant balance of trade payables aged more than one year (31 December 2013: Nil).

### 12. BONDS PAYABLE

In 2013, the Company registered the maximum credit limit of RMB6,000,000,000 and medium-term notes of RMB4,000,000,000 in the National Association of Financial Market Institutional Investors. In 2014, the Company wrote off credit limit of RMB1,700,000,000. On 23 October 2013 and 5 September 2014, the Company issued medium-term notes with face value of RMB2,500,000,000, respectively, of RMB5,000,000,000 in the aggregate, maturity of five years, and coupon rate of 5.7% and 5.5%, respectively. Interest on the bonds is payable annually in arrears.

As at 31 December 2014, there were no bonds that are due but not yet paid (31 December 2013: Nil).

### \*13. LONG-TERM PAYABLES

	2014	2013
Payables for acquisition of mining rights	—	2,798,834
Entrusted investment	234,206,740	207,926,740
Deposit for Restoration and Improvement of Ecological Environment in Mines	68,320,794	68,320,794
Subtotal	<b>302,527,534</b>	279,046,368
Including: Long-term payables due within one year	<b>(10,000,000)</b>	(2,798,834)
	<b>292,527,534</b>	276,247,534

Maturity analysis of long-term payables is as follows:

	2014	2013
Within 1 year or repayable on demand	10,000,000	2,798,834
Over 1 year to within 2 years	153,000,000	8,000,000
Over 2 years to within 5 years	52,461,740	181,181,740
Over 5 years	87,065,794	87,065,794
	<b>302,527,534</b>	279,046,368

# Notes to Financial Statements *(continued)*

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## XIV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

### 14. OPERATING INCOME AND OPERATING COSTS

	2014		2013	
	Operating income	Operating costs	Operating income	Operating costs
Principal operations	9,422,186,946	7,532,727,489	9,337,796,495	7,071,223,392
Other operations	313,126,669	260,428,527	306,339,593	214,891,402
	<b>9,735,313,615</b>	<b>7,793,156,016</b>	9,644,136,088	7,286,114,794

### 15. FINANCIAL EXPENSES

	2014	2013
Interest expenses:	<b>438,830,566</b>	238,325,734
<i>*Including: Bank loans</i>	<b>251,261,122</b>	211,013,234
<i>Bonds payable</i>	<b>187,569,444</b>	27,312,500
Less: Interest income	<b>649,342,999</b>	370,316,785
Exchange losses/(gains)	<b>3,214,763</b>	(9,333,472)
Bank charges	<b>54,165,646</b>	54,413,995
	<b>(153,132,024)</b>	(86,910,528)

In 2014, no capitalised borrowing costs arose (2013: Nil), and no interest arose from impaired financial assets (2013: Nil).

\* Interests on bank loans and bonds payable that are wholly repayable within five years amounted to RMB416,170,097 (2013: RMB238,325,734).

### 16. IMPAIRMENT LOSSES ON ASSETS

	2014	2013
Bad debt provision for trade and other receivables	<b>20,839,801</b>	140,992,416
Provision for decline in value of inventories	<b>442,526</b>	(2,576,612)
Impairment on long-term equity investments	—	162,757,584
Impairment on available-for-sale investments	—	26,105,804
Impairment on fixed assets	<b>1,021,556</b>	799,798
	<b>22,303,883</b>	328,078,990

## Notes to Financial Statements *(continued)*

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### XIV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

#### 17. INVESTMENT INCOME

	2014	2013
Investment income from long-term equity investments under the cost method and income from available-for-sale investments at cost	<b>1,207,778,974</b>	1,701,462,409
Investment income from long-term equity investments under the equity method	<b>45,876,656</b>	54,011,880
Losses on disposal of subsidiaries	<b>(7,483,719)</b>	(66,993)
Gains on disposal of financial assets and financial liabilities at fair value through profit or loss (Note 1)	<b>446,587,153</b>	26,730,378
Losses on disposal of available-for-sale investments	<b>(13,903,660)</b>	(28,048,115)
Others	<b>54,337,974</b>	—
	<b>1,733,193,378</b>	1,754,089,559

\* The investment losses from investments in listed companies in 2014 were RMB18,184,943 (2013: losses of RMB25,253,152), and the investment income from investments in unlisted companies were RMB1,751,378,322 (2013: RMB1,779,342,711).

Note 1: In 2014, investment income resulting from disposal of held-for-trading financial assets included gains of RMB402,394,446 on settlement of futures contracts (2013: gains of RMB23,935,414).

#### 18. SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CASH FLOWS

##### (1) Supplementary information to the statement of cash flows

Reconciliation of net profit to cash flows from operating activities:

	2014	2013
Net profit	<b>2,445,274,279</b>	2,762,972,382
Add: Provision for impairment losses of assets	<b>22,303,883</b>	328,078,990
Depreciation of fixed assets	<b>350,735,912</b>	296,853,580
Amortisation of intangible assets	<b>6,268,883</b>	31,749,344
Amortisation of long-term deferred assets	<b>39,805,045</b>	25,503,189
Losses on disposal of fixed assets, intangible assets and other long-term assets	<b>48,247,948</b>	10,797,556
Losses on changes in the fair values	<b>68,681,553</b>	8,439,692
Financial expenses	<b>9,687,481</b>	77,099,721
Investment income	<b>(1,330,798,932)</b>	(1,730,154,145)
Decrease/(increase) in deferred tax assets	<b>39,899,093</b>	(31,302,579)
(Increase)/decrease in inventories	<b>(170,178,255)</b>	35,762,746
Decrease/(increase) in receivables from operating activities	<b>124,795,725</b>	(211,833,801)
Decrease in payables from operating activities	<b>(38,534,553)</b>	(364,073,416)
Exchange losses/(gains)	<b>3,214,763</b>	(9,333,472)
Net cash flows from operating activities	<b>1,619,402,825</b>	1,230,559,787

# Notes to Financial Statements *(continued)*

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## XIV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

### 18. SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CASH FLOWS *(continued)*

#### (1) Supplementary information to the statement of cash flows *(continued)*

Movements of cash and cash equivalents

	2014	2013
Closing balance of cash	2,281,561,710	957,695,560
Less: opening balance of cash	957,695,560	2,213,432,741
Add: closing balance of cash equivalents	1,010,747,450	1,897,850,460
Less: opening balance of cash equivalents	1,897,850,460	1,158,707,352
Increase/(Decrease) in cash and cash equivalents	436,763,140	(516,594,073)

#### (2) Cash and cash equivalents

	2014	2013
Cash	2,281,561,710	957,695,560
<i>Including: Cash on hand</i>	<i>91,633</i>	<i>283,371</i>
<i>Cash at banks that can be drawn on demand</i>	<i>2,281,470,077</i>	<i>957,412,189</i>
Cash equivalents	1,010,747,450	1,897,850,460
Closing balance of cash and cash equivalents	3,292,309,160	2,855,546,020

### 19. COMMITMENTS

	2014	2013
Capital commitments		
Contracted, but not provided (Note 1)	96,383,252	126,012,137

Note 1: As at 31 December 2014, the capital commitment related to the acquisition and construction of property, plant, machinery and equipment, and mining assets was RMB96,383,252 (2013: RMB126,012,137).

# Supplementary Information to Financial Statements

For the year ended 31 December 2014

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## I. SUMMARY OF NON-RECURRING PROFIT OR LOSS

Item	2014
Net profit attributable to owners of the parent	2,345,062,669
Add/(less): Non-recurring profit or loss attributable to owners of the parent	
Losses on disposal of non-current assets	97,994,374
Government grants recognised in the statement of profit or loss	(161,694,394)
Gains on bargain purchase as consideration for acquiring a subsidiary is less than the shared fair value of the net identifiable assets of the subsidiary when acquired	(12,377,964)
Net losses on changes in fair value arising from held-for-trading financial assets and financial liabilities at fair value through profit or loss, net investment losses on disposal of held-for-trading financial assets and financial liabilities and available-for-sale investments except for the effective portion of normal transactions qualified for hedge accounting, gold leasing business and forward contracts (Note 1)	25,772,306
Impairment on available-for-sale investments	26,810,425
Other non-operating income and expenses other than the aforesaid items (Note 2)	212,098,951
	<b>2,533,666,367</b>
Impact on income tax	(20,170,783)
	<b>2,513,495,584</b>
Impact on the non-controlling interests (after tax)	(11,794,131)
	<b>2,501,701,453</b>

The non-recurring profit or loss of the Group was recognised under the China Securities Regulatory Commission ("CSRC") Announcement [2008] No.43, Explanatory Announcement No.1 on Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities. The futures contract transactions of the Group are related to the ordinary operating activities, of which the objects are the mineral products or similar metal products of the Group, which is aimed at reducing the risk of significant profitability fluctuation from ordinary operations in accordance with the price fluctuation. The transactions of futures contracts are frequent and the Group has continued and will continue to engage in such futures contracts in the foreseeable future. For the above-mentioned reasons, the profit or loss on futures contracts are not classified as non-recurring profit or loss.

Notes to significant non-recurring profit or loss:

Note 1: Including the gains on changes in fair value of trading stocks, funds and bonds amounted to RMB28,688,646, losses on disposal of stocks, funds and bonds amounted to RMB55,505,478 and interest income from convertible bond amounted to RMB1,044,526.

Note 2: Including donations of RMB185,845,063 to the Shanghang Charity Federation and other charities, and net other non-operating expenses of RMB26,253,888.



## Supplementary Information to Financial Statements *(continued)*

For the year ended 31 December 2014

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### II. RETURN ON NET ASSETS AND EARNINGS PER SHARE

#### 2014

	Return on net assets (%)		Basic earnings per share (EPS) <sup>#</sup>
	Fully diluted	Weighted average	
Net profit attributable to ordinary shareholders of the parent	<b>2,345,062,669</b>	<b>8.36</b>	<b>0.11</b>
Net profit after deduction of non-recurring profit or loss attributable to ordinary shareholders of the Company	<b>2,501,701,453</b>	<b>8.92</b>	<b>0.12</b>

#### 2013

	Return on net assets (%)		Basic earnings per share (EPS) <sup>#</sup>
	Fully diluted	Weighted average	
Net profit attributable to ordinary shareholders of the parent	2,125,353,823	7.70	0.10
Net profit after deduction of non-recurring profit or loss attributable to ordinary shareholders of the Company	2,416,424,929	8.75	0.11

Net assets attributable to ordinary shareholders of the Company

	2014	2013
Net assets at 31 December attributable to ordinary shareholders of the Company	<b>28,059,454,796</b>	27,612,257,755
Weighted average net assets attributable to ordinary shareholders of the Company	<b>27,694,420,027</b>	27,770,319,779

The above-mentioned return on net assets and earnings per share were calculated according to the Announcement of CSRC: Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No.9 (revision 2010).

<sup>#</sup> There were no potential dilutive ordinary shares for the year ended 31 December 2014 (2013: Nil).

