

- (12) The balances represented loans to Xinjiang Ashele's shareholders and its controlled companies which were engaged in the infrastructure construction works of Xinjiang Ashele. The loans were unsecured, interest-free and were repayable by offsetting future construction proceeds.
- (13) In accordance with agreements entered into between Xinjiang Ashele and Xinjiang Land & Mineral Bureau Geologic Team No. 4 (新疆地礦局第四地質大隊) on 29th April, 2002 and 26th March, 2003, Xinjiang Land & Mineral Bureau Geologic Team No. 4 (新疆地礦局第四地質大隊) performed geological studies on the construction site of Xinjiang Ashele at a contract sum of RMB340,000. In accordance with another agreement dated 22nd August, 2001, Xinjiang Land & Mineral Bureau Geologic Team No. 4 (新疆地礦局第四地質大隊) performed site reclamation works for temporary electricity supply facility for Xinjiang Ashele at a contract sum of RMB15,000. This transaction was conducted on prices by reference to the standard fee scale issued by the PRC government.
- (14) In accordance with an agreement entered into between Xinjiang Ashele and Xinjiang Non-ferrous Metals Industry Engineering Quality Control Team (新疆有色金屬工業工程質量監督站) on 27th October, 2002, Xinjiang Non-ferrous Metals Industry Engineering Quality Control Team (新疆有色金屬工業工程質量監督站) monitored the quality of initial construction works of Xinjiang Ashele at a contract sum of RMB250,000. This transaction was conducted on prices by reference to the standard fee scale issued by the PRC government.
- (15) The loan was unsecured, bore interest at 6.372% per annum and was repaid in October 2003. The interest rate was mutually agreed between the parties.
- (16) In accordance with agreements entered into between Xinjiang Ashele and Xinjiang Non-ferrous Gold Construction Company (新疆有色黃金建設公司) on 3rd May, 2002 and 1st July, 2002, Xinjiang Non-ferrous Gold Construction Company (新疆有色黃金建設公司) was engaged in mining tunnel and water pipe construction works of Xinjiang Ashele. The contract sum for mining tunnel construction works is RMB7,433,000 and the water pipe construction works were charged to Xinjiang Ashele according to prices by reference to the standards fee scale issued by the PRC government. The water pipe construction works was completed in September 2003 while the mining tunnel construction works will continue after listing.
- (17) In accordance with an agreement entered into between Xinjiang Ashele and Xinjiang Aletai Zhenan Blast Limited (新疆阿勒泰震安爆破有限責任公司) on 1st July, 2002, Xinjiang Aletai Zhenan Blast Limited (新疆阿勒泰震安爆破有限責任公司) was engaged in the water pipe construction works of Xinjiang Ashele. The water pipe construction works were charged to Xinjiang Ashele according to prices by reference to the standard fee scale issued by the PRC government.
- (18) In accordance with an agreement entered into between Xinjiang Ashele and Aletai Kaiyuan Mining Limited (阿勒泰開源礦業有限公司), Aletai Kaiyuan Mining Limited (阿勒泰開源礦業有限公司) was engaged in land survey works of copper mine of Xinjiang Ashele at a contract sum of RMB6,000. This transaction was conducted on prices by reference to the standard fee scale issued by the PRC government.

\* *In the opinion of the directors, the above transactions will continue after the listing of the shares of the Company on The Stock Exchange of Hong Kong Limited.*

In addition to the above, in accordance with an agreement entered into between Xinjiang Ashele, Urumqi Non-ferrous Metal Refining Research Institute (烏魯木齊有色冶金設計研究院), a company controlled by one of Xinjiang Ashele's shareholders, and Beijing Non-ferrous Metal Refining Research Institute (北京有色冶金設計研究總院), an independent third party, on 2nd March, 2001, Urumqi Non-ferrous Metal Refining Research Institute (烏魯木齊有色冶金設計研究院) and Beijing Non-ferrous Metal Refining Research Institute (北京有色冶金設計研究總院) (collectively known as the "Research Institutes") were jointly engaged in the overall design for the initial construction works of copper mine of Xinjiang Ashele with a contract sum of RMB6,500,000. On 20th May, 2002, Xinjiang Ashele and the Research Institutes entered into a supplemental agreement to confirm that the value of the contract was increased by an additional RMB650,000 and the Research Institutes provided a revised feasibility report to Xinjiang Ashele for an additional consideration of RMB100,000. During the period, an aggregate design fee of RMB860,000 was paid to the Research Institutes.

(ii) (a) Guarantees in respect of bank loans provided by the shareholders to the Company

Name of shareholders	Nature of guarantees	31st December,		30th June,	
		2000	2001	2002	2003
		RMB'000	RMB'000	RMB'000	RMB'000
					(Note)
Minxi Xinghang State-owned Assets Investment Company Limited ( 閩西興杭國有資產投資經營有限公司 )	Corporate guarantee	28,000	75,000	60,200	60,000
Fujian Xinhuadu Engineering Company Limited ( 福建省新華都工程有限責任公司 )	Corporate guarantee	20,000	20,000	20,000	—
Shanghang County Jinshan Trading Company Limited ( 上杭縣金山貿易有限公司 )	Corporate guarantee	—	10,000	32,000	30,000

*Note:* The guarantees in respect of bank loans provided by Minxi Xinghang State-owned Assets Investment Company Limited have been released as the bank loans were fully repaid on 21st October, 2003 and 23rd October, 2003, respectively. The guarantee in respect of bank loan provided by Shanghang County Jinshan Trading Company Limited has been released as the bank loan has been changed to unsecured bank loan by Agricultural Bank of China (中國農業銀行) on 10th November, 2003.

(b) Guarantees in respect of bank loans provided by a minority shareholder to a subsidiary

On 8th May, 2003, a shareholder of Xinjiang Ashele, Xinjiang Non-ferrous Metal Industry (Group) Limited ( 新疆有色金屬工業(集團)有限責任公司 ), has entered into a guarantee agreement with a PRC bank. Pursuant to the agreement, Xinjiang Non-ferrous Metal Industry (Group) Limited would provide a maximum corporate guarantee amounting to RMB116,000,000 in respect of a long term bank loan granted to a subsidiary, Xinjiang Ashele. As at 30th June, 2003, a long term bank loan of Xinjiang Ashele amounting to RMB10,000,000 was secured by guarantees provided by the Company and Xinjiang Non-ferrous Metal Industry (Group) Limited (Note 4(k)(ii)(f) below).

(c) Guarantees in respect of bank loans granted by the Company to a shareholder

As at 31st December, 2000, the Company provided guarantees amounting to RMB27,400,000 in respect of bank loans granted to Fujian Xinhuadu Engineering Company Limited ( 福建省新華都工程有限責任公司 ) (note 5(u)).

(d) Guarantee in respect of bank loans granted by the Company to an associate

Name of an associate	Nature of guarantee	31st December,		30th June,	
		2000	2001	2002	2003
		RMB'000	RMB'000	RMB'000	RMB'000
Fujian Longyan Makeng Mining Company Limited	Corporate guarantee				
— Maximum guarantees		—	—	18,500	15,000
— Guarantees utilised		—	—	5,000	15,000

(e) Guarantees in respect of bank loans granted by the Company to a minority shareholder

Name of a minority shareholder	Nature of guarantee	31st December,		30th June,	
		2000	2001	2002	2003
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Fujian Shanghang Hongyang Mine Engineering Company Limited ( 福建上杭鴻陽礦山工程有限公司 )	Corporate guarantee	<u>—</u>	<u>—</u>	<u>500</u>	<u>3,000</u>

(f) Guarantee in respect of bank loans granted by the Company to its subsidiaries

Name of subsidiaries	Nature of guarantee	31st December,		30th June,	
		2000	2001	2002	2003
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Xiamen Zijin	Corporate guarantee				
— Maximum guarantees		<u>—</u>	<u>—</u>	<u>10,000</u>	<u>25,000</u>
— Guarantees utilised		<u>—</u>	<u>—</u>	<u>10,000</u>	<u>21,200</u>
Guizhou Zijin	Corporate guarantee				
— Maximum guarantees and utilised		<u>—</u>	<u>—</u>	<u>—</u>	<u>25,000</u>
Xinjiang Ashele	Corporate guarantee				
— Maximum guarantees		<u>—</u>	<u>—</u>	<u>180,200</u>	<u>173,400</u>

As at 30th June, 2003, a long term bank loan of Xinjiang Ashele amounting to RMB10,000,000 was secured by guarantees provided by the Company and Xinjiang Non-ferrous Metal Industry (Group) Limited (Note 4(k)(ii)(b) above).

5. CONSOLIDATED BALANCE SHEET

The following is a summary of the consolidated balance sheets of the Group and the balance sheets of the Company as at the end of each of the Relevant Periods prepared on the basis set out in Section 2 above:

		Group			
		31st December,			30th June,
Notes		2000	2001	2002	2003
		RMB'000	RMB'000	RMB'000	RMB'000
<b>Non-current assets</b>					
Fixed assets	(a)	260,007	381,591	545,794	645,808
Land use rights	(b)	6,558	6,850	12,006	18,027
Long term deferred assets	(c)	18,088	31,793	45,499	54,564
Intangible assets	(d)	13,440	19,863	78,507	80,235
Goodwill	(e)	—	—	16,766	15,326
Interest in an associate	(f)	2,558	—	9,463	9,670
Other investments		190	2,574	40	40
		<u>300,841</u>	<u>442,671</u>	<u>708,075</u>	<u>823,670</u>
<b>Current assets</b>					
Inventories	(h)	42,033	63,920	96,242	71,570
Prepayments, deposits and other receivables		36,507	23,194	46,542	80,461
Trade receivables	(i)	2,803	70	1,659	13,027
Due from related parties	(j)	—	—	892	10,935
Due from an associate	(f)	—	—	41	—
Tax recoverable		—	—	571	—
Pledged cash	(k)	5,487	2,000	2,000	3,430
Time deposits		—	—	—	27,800
Cash and bank balances		<u>29,337</u>	<u>25,746</u>	<u>153,339</u>	<u>192,390</u>
		<u>116,167</u>	<u>114,930</u>	<u>301,286</u>	<u>399,613</u>

	<i>Notes</i>	Group			
		31st December,			30th June,
		2000	2001	2002	2003
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Current liabilities</b>					
Due to a shareholder	(l)	—	290	—	—
Due to related parties	(j)	—	—	5,000	268
Provision	(m)	3,255	3,255	—	—
Accrued liabilities and other payables		20,944	33,342	81,822	76,708
Trade and bills payables	(n)	53,618	48,368	76,680	96,830
Current portion of interest-bearing bank loans	(o)	23,870	27,300	12,000	74,000
Current portion of long term other payables	(p)	3,360	5,040	—	—
Short term bank loans	(q)	41,760	59,350	38,200	42,200
Government grant		—	—	—	100
Dividend payable	(r)	13,845	—	—	—
Current portion of other long term loans	(s)	—	—	30	230
Tax payable		<u>12,421</u>	<u>2,210</u>	<u>179</u>	<u>17,317</u>
		<u>173,073</u>	<u>179,155</u>	<u>213,911</u>	<u>307,653</u>
Net current assets/(liabilities)		(56,906)	(64,225)	87,375	91,960
Total assets less current liabilities		243,935	378,446	795,450	915,630
<b>Non-current liabilities</b>					
Interest-bearing bank loans	(o)	90,750	181,450	351,050	314,600
Government grants		464	500	—	90
Long term other payables	(p)	5,040	—	42,141	42,141
Other long term loans	(s)	<u>230</u>	<u>230</u>	<u>200</u>	<u>1,000</u>
		<u>96,484</u>	<u>182,180</u>	<u>393,391</u>	<u>357,831</u>
Minority interests		—	6,594	120,707	169,830
Net assets		<u>147,451</u>	<u>189,672</u>	<u>281,352</u>	<u>387,969</u>
Represented by:					
Issued capital		95,000	95,000	95,000	95,000
Reserves	Section 6	<u>52,451</u>	<u>94,672</u>	<u>186,352</u>	<u>292,969</u>
Shareholders' equity		<u>147,451</u>	<u>189,672</u>	<u>281,352</u>	<u>387,969</u>

	<i>Notes</i>	Company			
		31st December,			30th June,
		2000	2001	2002	2003
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current assets</b>					
Fixed assets	(a)	259,466	378,176	435,153	462,803
Land use rights	(b)	6,558	6,850	6,703	8,923
Long term deferred assets	(c)	18,088	26,695	38,196	45,894
Intangible assets	(d)	13,440	11,760	11,440	10,600
Interest in an associate	(f)	2,558	—	9,463	9,670
Interests in subsidiaries	(g)	641	20,985	184,909	218,523
Other investments		190	2,574	40	40
		<u>300,941</u>	<u>447,040</u>	<u>685,904</u>	<u>756,453</u>
<b>Current assets</b>					
Inventories	(h)	41,999	63,145	95,596	67,021
Prepayments, deposits and other receivables		36,012	16,382	22,111	26,245
Trade receivables	(i)	2,744	70	114	10,646
Due from a related party	(j)	—	—	—	800
Tax recoverable		—	—	571	—
Pledged cash	(k)	5,487	2,000	2,000	—
Cash and bank balances		29,320	19,562	8,376	65,706
		<u>115,562</u>	<u>101,159</u>	<u>128,768</u>	<u>170,418</u>
<b>Current liabilities</b>					
Provision	(m)	3,255	3,255	—	—
Accrued liabilities and other payables		20,780	30,805	67,026	50,341
Trade and bills payables	(n)	53,357	47,752	74,568	92,713
Current portion of interest-bearing bank loans	(o)	23,870	27,300	12,000	74,000
Current portion of long term other payables	(p)	3,360	5,040	—	—
Short term bank loans	(q)	41,760	59,350	38,200	36,000
Government grant		—	—	—	100
Dividend payable	(r)	13,845	—	—	—
Current portion of other long term loans	(s)	—	—	30	230
Tax payable		12,421	2,193	—	16,978
		<u>172,648</u>	<u>175,695</u>	<u>191,824</u>	<u>270,362</u>

	<i>Notes</i>	Company			
		31st December,			30th June,
		2000	2001	2002	2003
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net current liabilities		(57,086)	(74,536)	(63,056)	(99,944)
Total assets less current liabilities		243,855	372,504	622,848	656,509
<b>Non-current liabilities</b>					
Interest-bearing bank loans	(o)	90,750	181,450	341,050	264,600
Government grants		464	500	—	90
Long term other payables	(p)	5,040	—	—	—
Other long term loans	(s)	230	230	200	1,000
		<u>96,484</u>	<u>182,180</u>	<u>341,250</u>	<u>265,690</u>
Net assets		<u>147,371</u>	<u>190,324</u>	<u>281,598</u>	<u>390,819</u>
Represented by:					
Issued capital		95,000	95,000	95,000	95,000
Reserves		<u>52,371</u>	<u>95,324</u>	<u>186,598</u>	<u>295,819</u>
Shareholders' equity		<u>147,371</u>	<u>190,324</u>	<u>281,598</u>	<u>390,819</u>

(a) Fixed assets

Group

	Buildings	Electricity generation plant	Mining assets	Leasehold improvements	Plant, machinery and equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:									
At 1st January, 2000	7,170	—	137,899	—	46,586	1,649	3,773	37,442	234,519
Additions	—	82	236	—	9,748	594	1,619	110,957	123,236
Transfer from/(to)	3,295	24,418	66,490	—	3,105	45	43	(97,396)	—
Reclassifications from long term deferred assets	1,222	—	—	—	—	—	—	—	1,222
Disposals	(646)	—	(14,000)	—	(884)	(100)	(89)	—	(15,719)
At 31st December, 2000	11,041	24,500	190,625	—	58,555	2,188	5,346	51,003	343,258
At 1st January, 2001	11,041	24,500	190,625	—	58,555	2,188	5,346	51,003	343,258
Additions	381	6	5,041	—	5,880	489	1,389	156,529	169,715
Transfer from/(to)	3,943	815	76,090	—	2,016	—	—	(82,864)	—
Reclassifications	—	—	—	—	—	(61)	—	—	(61)
Disposals	(106)	—	(2,099)	—	(1,411)	(174)	(600)	—	(4,390)
At 31st December, 2001	15,259	25,321	269,657	—	65,040	2,442	6,135	124,668	508,522
At 1st January, 2002	15,259	25,321	269,657	—	65,040	2,442	6,135	124,668	508,522
Additions	678	1,608	2,499	—	11,455	2,864	797	131,593	151,494
Acquisition of a subsidiary	—	—	—	—	2,171	375	1,089	78,099	81,734
Transfer from/(to)	23,708	—	85,149	8,100	35,946	609	—	(153,512)	—
Disposals	(326)	—	(3,910)	—	(2,975)	(340)	(178)	—	(7,729)
At 31st December, 2002	39,319	26,929	353,395	8,100	111,637	5,950	7,843	180,848	734,021
At 1st January, 2003	39,319	26,929	353,395	8,100	111,637	5,950	7,843	180,848	734,021
Additions	472	—	29,747	163	12,185	1,405	3,517	89,904	137,393
Transfer from/(to)	—	—	16,421	—	12,598	—	—	(29,019)	—
Reclassifications	11,584	—	(11,584)	—	—	—	—	—	—
Disposals	(9)	—	(209)	—	(203)	(136)	(119)	—	(676)
At 30th June, 2003	51,366	26,929	387,770	8,263	136,217	7,219	11,241	241,733	870,738



	Buildings	Electricity generation plant	Mining assets	Leasehold improvements	Plant, machinery and equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Accumulated depreciation and impairment:									
At 1st January, 2000	2,015	—	39,021	—	15,529	589	1,851	—	59,005
Charge for the year	1,165	1,148	19,346	—	7,041	253	549	—	29,502
Disposals	(390)	—	(4,529)	—	(258)	(9)	(70)	—	(5,256)
At 31st December, 2000	2,790	1,148	53,838	—	22,312	833	2,330	—	83,251
At 1st January, 2001	2,790	1,148	53,838	—	22,312	833	2,330	—	83,251
Impairment during the year recognised in the profit and loss account	—	—	—	—	891	—	—	—	891
Charge for the year	653	1,476	33,637	—	6,969	340	694	—	43,769
Reclassifications	—	—	—	—	—	(35)	—	—	(35)
Disposals	(5)	—	(168)	—	(569)	(17)	(186)	—	(945)
At 31st December, 2001	3,438	2,624	87,307	—	29,603	1,121	2,838	—	126,931
At 1st January, 2002	3,438	2,624	87,307	—	29,603	1,121	2,838	—	126,931
Charge for the year	1,161	1,356	49,471	405	10,725	608	901	—	64,627
Acquisition of a subsidiary	—	—	—	—	23	62	163	—	248
Disposals	(264)	—	(1,684)	—	(1,254)	(208)	(169)	—	(3,579)
At 31st December, 2002	4,335	3,980	135,094	405	39,097	1,583	3,733	—	188,227
At 1st January, 2003	4,335	3,980	135,094	405	39,097	1,583	3,733	—	188,227
Charge for the period	796	698	26,891	810	6,648	602	672	—	37,117
Reclassifications	4,509	—	(4,509)	—	—	—	—	—	—
Disposals	(2)	—	(158)	—	(58)	(90)	(106)	—	(414)
At 30th June, 2003	9,638	4,678	157,318	1,215	45,687	2,095	4,299	—	224,930
Net book value:									
At 31st December, 2000	8,251	23,352	136,787	—	36,243	1,355	3,016	51,003	260,007
At 31st December, 2001	11,821	22,697	182,350	—	35,437	1,321	3,297	124,668	381,591
At 31st December, 2002	34,984	22,949	218,301	7,695	72,540	4,367	4,110	180,848	545,794
At 30th June, 2003	41,728	22,251	230,452	7,048	90,530	5,124	6,942	241,733	645,808

Company

	Buildings	Electricity generation plant	Mining Assets	Leasehold improvements	Plant, machinery and equipment	Furniture & fixtures	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:									
At 1st January, 2000	6,615	—	137,899	—	46,409	1,397	3,774	37,399	233,493
Additions	—	82	236	—	9,746	594	1,618	110,958	123,234
Transfer from/(to)	3,292	24,418	66,490	—	3,092	45	43	(97,380)	—
Reclassifications from long term deferred assets	1,222	—	—	—	—	—	—	—	1,222
Disposals	(451)	—	(14,000)	—	(791)	(40)	(89)	—	(15,371)
At 31st December, 2000	10,678	24,500	190,625	—	58,456	1,996	5,346	50,977	342,578
At 1st January, 2001	10,678	24,500	190,625	—	58,456	1,996	5,346	50,977	342,578
Additions	381	6	5,041	—	5,528	403	974	154,160	166,493
Transfer from/(to)	3,943	815	75,869	—	1,696	—	—	(82,323)	—
Reclassifications	—	—	—	—	—	(61)	—	—	(61)
Transfer from/(to) subsidiaries	339	—	—	—	(280)	17	—	—	76
Disposals	(82)	—	(2,099)	—	(1,403)	—	(600)	—	(4,184)
At 31st December, 2001	15,259	25,321	269,436	—	63,997	2,355	5,720	122,814	504,902
At 1st January, 2002	15,259	25,321	269,436	—	63,997	2,355	5,720	122,814	504,902
Additions	678	1,608	2,499	—	11,184	2,768	637	106,053	125,427
Transfer from/(to)	23,708	—	83,223	8,100	35,214	609	—	(150,854)	—
Transfer to a subsidiary	—	—	—	—	(65)	—	(166)	—	(231)
Disposals	(326)	—	(3,910)	—	(2,974)	(340)	(178)	—	(7,728)
At 31st December, 2002	39,319	26,929	351,248	8,100	107,356	5,392	6,013	78,013	622,370
At 1st January, 2003	39,319	26,929	351,248	8,100	107,356	5,392	6,013	78,013	622,370
Additions	472	—	24,285	163	8,842	1,055	2,586	27,127	64,530
Transfer from/(to)	—	—	—	—	108	—	—	(108)	—
Reclassifications	11,584	—	(11,584)	—	—	—	—	—	—
Transfer to a subsidiary	—	—	—	—	(915)	—	—	—	(915)
Disposals	(9)	—	(209)	—	(205)	(134)	(104)	—	(661)
At 30th June, 2003	51,366	26,929	363,740	8,263	115,186	6,313	8,495	105,032	685,324
Accumulated depreciation and impairment:									
At 1st January, 2000	1,907	—	39,020	—	15,509	562	1,851	—	58,849
Charge for the year	1,128	1,148	19,346	—	7,009	252	549	—	29,432
Disposals	(340)	—	(4,528)	—	(230)	(1)	(70)	—	(5,169)
At 31st December, 2000	2,695	1,148	53,838	—	22,288	813	2,330	—	83,112

	Buildings	Electricity generation plant	Mining Assets	Leasehold improvements	Plant, machinery and equipment	Furniture & fixtures	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1st January, 2001	2,695	1,148	53,838	—	22,288	813	2,330	—	83,112
Impairment during the year recognised in the profit and loss account	—	—	—	—	891	—	—	—	891
Charge for the year	644	1,476	33,635	—	6,965	333	649	—	43,702
Reclassifications	—	—	—	—	—	(35)	—	—	(35)
Transfer from/(to) subsidiaries	101	—	—	—	(131)	3	—	—	(27)
Disposals	(2)	—	(168)	—	(561)	—	(186)	—	(917)
At 31st December, 2001	3,438	2,624	87,305	—	29,452	1,114	2,793	—	126,726
At 1st January, 2002	3,438	2,624	87,305	—	29,452	1,114	2,793	—	126,726
Charge for the year	1,161	1,356	49,250	405	10,549	581	808	—	64,110
Transfer to a subsidiary	—	—	—	—	(12)	—	(29)	—	(41)
Disposals	(264)	—	(1,683)	—	(1,254)	(208)	(169)	—	(3,578)
At 31st December, 2002	4,335	3,980	134,872	405	38,735	1,487	3,403	—	187,217
At 1st January, 2003	4,335	3,980	134,872	405	38,735	1,487	3,403	—	187,217
Charge for the period	796	698	26,668	810	6,312	543	466	—	36,293
Reclassifications	4,509	—	(4,509)	—	—	—	—	—	—
Transfer to a subsidiary	—	—	—	—	(581)	—	—	—	(581)
Disposals	(2)	—	(158)	—	(58)	(90)	(100)	—	(408)
At 30th June, 2003	9,638	4,678	156,873	1,215	44,408	1,940	3,769	—	222,521
Net book value:									
At 31st December, 2000	7,983	23,352	136,787	—	36,168	1,183	3,016	50,977	259,466
At 31st December, 2001	11,821	22,697	182,131	—	34,545	1,241	2,927	122,814	378,176
At 31st December, 2002	34,984	22,949	216,376	7,695	68,621	3,905	2,610	78,013	435,153
At 30th June, 2003	41,728	22,251	206,867	7,048	70,778	4,373	4,726	105,032	462,803

*Note:* Included in the mining assets of the Group include building structures located in the gold mine with net book value of RMB8,938,000, RMB15,378,000, RMB24,938,000 and RMB41,932,000 as at 31st December, 2000, 2001, 2002 and 30th June, 2003, respectively, in respect of which the Group has not obtained the relevant land use rights.

(b) Land use rights

Group	Land use rights RMB'000
<b>Cost:</b>	
At 1st January, 2000	7,416
Additions	2,108
At 31st December, 2000	9,524
<b>Accumulated amortisation and impairment:</b>	
At 1st January, 2000	2,833
Charge for the year	133
At 31st December, 2000	2,966
Net book value at 31st December, 2000	6,558
<b>Cost:</b>	
At 1st January, 2001	9,524
Additions	462
At 31st December, 2001	9,986
<b>Accumulated amortisation and impairment:</b>	
At 1st January, 2001	2,966
Charge for the year	170
At 31st December, 2001	3,136
Net book value at 31st December, 2001	6,850
<b>Cost:</b>	
At 1st January, 2002	9,986
Additions	5,303
At 31st December, 2002	15,289
<b>Accumulated amortisation and impairment:</b>	
At 1st January, 2002	3,136
Charge for the year	147
At 31st December, 2002	3,283
Net book value at 31st December, 2002	12,006
<b>Cost:</b>	
At 1st January, 2003	15,289
Additions	6,138
At 30th June, 2003	21,427
<b>Accumulated amortisation and impairment:</b>	
At 1st January, 2003	3,283
Charge for the period	117
At 30th June, 2003	3,400
Net book value at 30th June, 2003	18,027

<i>Company</i>	
	<b>Land use rights</b>
	<i>RMB'000</i>
<b>Cost:</b>	
At 1st January, 2000	7,416
Additions	2,108
	<hr/>
At 31st December, 2000	9,524
	<hr/>
<b>Accumulated amortisation and impairment:</b>	
At 1st January, 2000	2,833
Charge for the year	133
	<hr/>
At 31st December, 2000	2,966
	<hr/>
Net book value at 31st December, 2000	6,558
	<hr/> <hr/>
<b>Cost:</b>	
At 1st January, 2001	9,524
Additions	462
	<hr/>
At 31st December, 2001	9,986
	<hr/>
<b>Accumulated amortisation and impairment:</b>	
At 1st January, 2001	2,966
Charge for the year	170
	<hr/>
At 31st December, 2001	3,136
	<hr/>
Net book value at 31st December, 2001	6,850
	<hr/> <hr/>
<b>Cost:</b>	
At 1st January, 2002	9,986
Additions	—
	<hr/>
At 31st December, 2002	9,986
	<hr/>
<b>Accumulated amortisation and impairment:</b>	
At 1st January, 2002	3,136
Charge for the year	147
	<hr/>
At 31st December, 2002	3,283
	<hr/>
Net book value at 31st December, 2002	6,703
	<hr/> <hr/>
<b>Cost:</b>	
At 1st January, 2003	9,986
Additions	2,337
	<hr/>
At 30th June, 2003	12,323
	<hr/>
<b>Accumulated amortisation and impairment:</b>	
At 1st January, 2003	3,283
Charge for the period	117
	<hr/>
At 30th June, 2003	3,400
	<hr/>
Net book value at 30th June, 2003	8,923
	<hr/> <hr/>

(c) Long term deferred assets

Group

	Exploration and development costs RMB'000	Land compensation costs RMB'000	Other assets RMB'000 (Note)	Total RMB'000
<b>Cost:</b>				
At 1st January, 2000	—	6,867	—	6,867
Additions	—	9,804	3,334	13,138
Reclassifications to fixed assets	—	(1,222)	—	(1,222)
At 31st December, 2000	—	15,449	3,334	18,783
<b>Accumulated amortisation:</b>				
At 1st January, 2000	—	—	—	—
Charge for the year	—	695	—	695
At 31st December, 2000	—	695	—	695
Net book value at 31st December, 2000	—	14,754	3,334	18,088
<b>Cost:</b>				
At 1st January, 2001	—	15,449	3,334	18,783
Additions	8,082	1,769	8,464	18,315
Write off of exploration cost	(2,789)	—	—	(2,789)
At 31st December, 2001	5,293	17,218	11,798	34,309
<b>Accumulated amortisation:</b>				
At 1st January, 2001	—	695	—	695
Charge for the year	195	1,626	—	1,821
At 31st December, 2001	195	2,321	—	2,516
Net book value at 31st December, 2001	5,098	14,897	11,798	31,793
<b>Cost:</b>				
At 1st January, 2002	5,293	17,218	11,798	34,309
Additions	3,094	1,680	11,573	16,347
At 31st December, 2002	8,387	18,898	23,371	50,656
<b>Accumulated amortisation:</b>				
At 1st January, 2002	195	2,321	—	2,516
Charge for the year	889	1,752	—	2,641
At 31st December, 2002	1,084	4,073	—	5,157
Net book value at 31st December, 2002	7,303	14,825	23,371	45,499
<b>Cost:</b>				
At 1st January, 2003	8,387	18,898	23,371	50,656
Additions	1,832	3,100	5,704	10,636
At 30th June, 2003	10,219	21,998	29,075	61,292
<b>Accumulated amortisation:</b>				
At 1st January, 2003	1,084	4,073	—	5,157
Charge for the period	465	1,106	—	1,571
At 30th June, 2003	1,549	5,179	—	6,728
Net book value at 30th June, 2003	8,670	16,819	29,075	54,564

<i>Company</i>	<b>Land compensation costs</b> <i>RMB'000</i>	<b>Other assets</b> <i>RMB'000</i> <i>(Note)</i>	<b>Total</b> <i>RMB'000</i>
<b>Cost:</b>			
At 1st January, 2000	6,867	—	6,867
Additions	9,804	3,334	13,138
Reclassifications to fixed assets	(1,222)	—	(1,222)
At 31st December, 2000	15,449	3,334	18,783
<b>Accumulated amortisation:</b>			
At 1st January, 2000	—	—	—
Charge for the year	695	—	695
At 31st December, 2000	695	—	695
Net book value at 31st December, 2000	14,754	3,334	18,088
<b>Cost:</b>			
At 1st January, 2001	15,449	3,334	18,783
Additions	1,769	8,464	10,233
At 31st December, 2001	17,218	11,798	29,016
<b>Accumulated amortisation:</b>			
At 1st January, 2001	695	—	695
Charge for the year	1,626	—	1,626
At 31st December, 2001	2,321	—	2,321
Net book value at 31st December, 2001	14,897	11,798	26,695
<b>Cost:</b>			
At 1st January, 2002	17,218	11,798	29,016
Additions	1,680	11,573	13,253
At 31st December, 2002	18,898	23,371	42,269
<b>Accumulated amortisation:</b>			
At 1st January, 2002	2,321	—	2,321
Charge for the year	1,752	—	1,752
At 31st December, 2002	4,073	—	4,073
Net book value at 31st December, 2002	14,825	23,371	38,196
<b>Cost:</b>			
At 1st January, 2003	18,898	23,371	42,269
Additions	3,100	5,704	8,804
At 30th June, 2003	21,998	29,075	51,073
<b>Accumulated amortisation:</b>			
At 1st January, 2003	4,073	—	4,073
Charge for the period	1,106	—	1,106
At 30th June, 2003	5,179	—	5,179
Net book value at 30th June, 2003	16,819	29,075	45,894

*Note:* Other assets mainly represented compensation paid to inhabitants to relocate them from the land above the copper mining sites of the Company prior to the commencement of copper mining activities. Pursuant to an agreement entered into between the Company and Fujian Geology & Mineral Exploration & Development Bureau (福建省地質礦產勘查開發局) on 23rd October, 2001, the Company and Fujian Geology & Mineral Exploration & Development Bureau (福建省地質礦產勘查開發局) were to establish a company to engage in copper mining business in Zijinshan. As at the date of this Report, the new company has not been established.

(d) **Intangible assets**

*Group*

<b>31st December, 2000</b>			
	<b>Cost</b>	<b>Accumulated amortisation and impairment</b>	<b>Net book value</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Mining rights	<u>16,800</u>	<u>(3,360)</u>	<u>13,440</u>
<b>31st December, 2001</b>			
	<b>Cost</b>	<b>Accumulated amortisation and impairment</b>	<b>Net book value</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Mining rights	<u>25,172</u>	<u>(5,309)</u>	<u>19,863</u>
<b>31st December, 2002</b>			
	<b>Cost</b>	<b>Accumulated amortisation and impairment</b>	<b>Net book value</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Mining rights	86,077	(8,070)	78,007
Trading rights in Shanghai Gold Exchange	<u>500</u>	<u>—</u>	<u>500</u>
	<u>86,577</u>	<u>(8,070)</u>	<u>78,507</u>
<b>30th June, 2003</b>			
	<b>Cost</b>	<b>Accumulated amortisation and impairment</b>	<b>Net book value</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Mining rights	89,186	(9,451)	79,735
Trading rights in Shanghai Gold Exchange	<u>500</u>	<u>—</u>	<u>500</u>
	<u>89,686</u>	<u>(9,451)</u>	<u>80,235</u>

Included in the Group's balance of mining rights as at 30th June, 2003, mining rights of Xinjiang Ashele and Guizhou Zijin amounting to RMB60,000,000 and RMB6,123,000, respectively, are not amortised as Xinjiang Ashele and Guizhou Zijin have not commenced operation as at that date.



Company

	31st December, 2000		
	Accumulated		
	Cost	amortisation and	Net book value
	RMB'000	impairment	RMB'000
		RMB'000	
Mining rights	16,800	(3,360)	13,440

	31st December, 2001		
	Accumulated		
	Cost	amortisation and	Net book value
	RMB'000	impairment	RMB'000
		RMB'000	
Mining rights	16,800	(5,040)	11,760

	31st December, 2002		
	Accumulated		
	Cost	amortisation and	Net book value
	RMB'000	impairment	RMB'000
		RMB'000	
Mining rights	17,660	(6,720)	10,940
Trading rights in Shanghai Gold Exchange	500	—	500
	18,160	(6,720)	11,440

	30th June, 2003		
	Accumulated		
	Cost	amortisation and	Net book value
	RMB'000	impairment	RMB'000
		RMB'000	
Mining rights	17,660	(7,560)	10,100
Trading rights in Shanghai Gold Exchange	500	—	500
	18,160	(7,560)	10,600

(e) Goodwill

Group	RMB'000
Cost:	
Balance at 1st January, 2000, 2001 and 2002	—
Acquisition of a subsidiary (note 7(a))	16,766
	<u>16,766</u>
At 31st December, 2002	16,766
Disposal of 2% equity interest in a subsidiary (note 7(b))	(633)
	<u>16,133</u>
At 30th June, 2003	
	<u>16,133</u>
Accumulated amortisation:	
Balance at 1st January, 2000, 2001, 2002 and 2003	—
Amortisation provided during the period	807
	<u>807</u>
At 30th June, 2003	807
	<u>807</u>
Net book value:	
At 30th June, 2003	15,326
	<u><u>15,326</u></u>
At 31st December, 2002	16,766
	<u><u>16,766</u></u>
At 31st December, 2001 and 2000	—
	<u><u>—</u></u>

(f) Interest in an associate

Group and Company				
	2000	31st December, 2001	2002	30th June, 2003
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets of an associate	2,558	—	9,820	10,007
Negative goodwill on acquisition of an associate, less amortisation	<u>—</u>	<u>—</u>	<u>(357)</u>	<u>(337)</u>
	<u><u>2,558</u></u>	<u><u>—</u></u>	<u><u>9,463</u></u>	<u><u>9,670</u></u>

The balance with an associate is unsecured, interest-free and repayable on demand.

The particulars of the associate are as follows:

Name of company	Place of incorporation and operations	Percentage of ownership interest attributable to the Group				Principal activity
		31st December,		30th June,		
		2000	2001	2002	2003	
Fujian Longyan Makeng Mining Company Limited （“Makeng Mining”） （龍岩馬坑礦業有限責任公司）	The PRC	20%	—	31.5%	31.5%	Iron ore mining

The Company initially had 25% equity interest in Makeng Mining. Such interest was diluted to 20% when the capital of Makeng Mining was increased from RMB10,080,000 to RMB12,600,000 in May 2000, resulting in a gain on deemed disposal of an associate of RMB37,000 for the year ended 31st December, 2000.

In May 2001, the interest in Makeng Mining was further diluted to 15.75% when the capital of Makeng Mining was increased to RMB16,000,000. This gave rise to a loss on deemed disposal of an associate of RMB5,000 for the year ended 31st December, 2001. Accordingly, it was classified as an other investment as at 31st December, 2001.

In January 2002, the Company acquired a further 15.75% equity interest in Makeng Mining from another shareholder of Makeng Mining. The Company’s interest in Makeng Mining was therefore increased to 31.5% and Makeng Mining was reclassified as an associate as at 31st December, 2002 and 30th June, 2003.

(g) Interests in subsidiaries

Company	Percentage of ownership interest attributable to the Group			
	31st December,		30th June,	
	2000	2001	2002	2003
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted shares, at cost	820	21,800	169,275	228,755
Due from/(to) subsidiaries	1,264	835	15,634	(10,232)
	2,084	22,635	184,909	218,523
Provision for impairment	(1,443)	(1,650)	—	—
	641	20,985	184,909	218,523

The balance with subsidiaries are unsecured, interest-free and repayable on demand.

During the Relevant Periods, the Company has the following investments in subsidiaries:

Company name	Place and date of incorporation and operations	Paid-up share/ registered capital <i>RMB'000</i>	Percentage of equity attributable to the Group		Principal activities
			<i>Direct</i>	<i>Indirect</i>	
Fujian Minxi Jinyan Rare Earth Limited (福建省閩西金岩稀土有限公司)*	The PRC 17th June, 1998	500	70%	—	Production and sales of rare earth
Fujian Shanghang Zijin Wine Limited (福建省上杭縣紫金酒業有限公司)*	The PRC 14th November, 1994	500	94%	—	Manufacturing and sales of wine and preserved carrots
Guizhou Kaili Zijin Mining Limited (貴州凱里紫金礦業有限公司)*	The PRC 15th February, 2001	3,000	55%	—	Gold mining and geological studies
Anhui Zijin	The PRC 30th December, 2001	8,000	75%	—	Gold mining and geological studies
Guizhou Zijin	The PRC 17th December, 2001	30,000	51%	4.3%	Gold mining and geological studies
Xiamen Zijin	The PRC 9th March, 2001	15,000	86.5%	—	Geological studies, and provision of mining technique consultancy
Xinjiang Ashele	The PRC 13th August, 1999	250,000	51%	—	Copper mining and geological studies
Hunchun Zijin	The PRC 10th January, 2003	30,000	67%	5.2%	Gold mining and geological studies
Tongling Zijin	The PRC 9th June, 2003	34,280	51%	—	Gold mining and geological studies
Zijin Shuidian	The PRC 13th June, 2003	20,000	51%	—	Dormant
Jinshan Construction	The PRC 5th March, 2003	9,000	80%	—	Dormant

\* Wound up in 2001.

(h) Inventories

Group

	31st December,			30th June,
	2000	2001	2002	2003
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials and consumable supplies	10,026	10,608	12,355	14,576
Work in progress	31,993	50,417	80,806	53,945
Finished goods	14	2,895	3,081	3,049
	<u>42,033</u>	<u>63,920</u>	<u>96,242</u>	<u>71,570</u>

Company

	31st December,			30th June,
	2000	2001	2002	2003
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials and consumable supplies	9,992	10,517	12,176	12,495
Work in progress	31,993	49,733	80,339	52,033
Finished goods	14	2,895	3,081	2,493
	<u>41,999</u>	<u>63,145</u>	<u>95,596</u>	<u>67,021</u>

The carrying amount of inventories carried at net realisable values included in the above balances were RMB899,000 and RMB1,912,000 as at 31st December, 2001 and 31st December, 2002, respectively. No inventories carried at net realisable values were included in the above balances as at 31st December, 2000 and 30th June, 2003.

(i) Trade receivables

An aged analysis of trade receivables, based on the respective due dates of the sale of goods, is as follows:

Group

	As at 31st December,			30th June,
	2000	2001	2002	2003
	RMB'000	RMB'000	RMB'000	RMB'000
Within 4 months	147	65	1,644	13,027
Over 4 months but within 12 months	2,204	—	2	—
Over 1 year but within 2 years	452	1	12	—
Over 2 years	<u>—</u>	<u>4</u>	<u>1</u>	<u>—</u>
	<u>2,803</u>	<u>70</u>	<u>1,659</u>	<u>13,027</u>

Company

	As at 31st December,			30th June,
	2000	2001	2002	2003
	RMB'000	RMB'000	RMB'000	RMB'000
Within 4 months	147	65	99	10,646
Over 4 months but within 12 months	2,145	—	2	—
Over 1 year but within 2 years	452	1	12	—
Over 2 years	<u>—</u>	<u>4</u>	<u>1</u>	<u>—</u>
	<u>2,744</u>	<u>70</u>	<u>114</u>	<u>10,646</u>

The sales of gold bullions are settled on transaction date. The credit periods on sales of other products range from 30 to 120 days.

(j) Balances with related parties

Group

		As at 31st December,			30th June,
	Notes	2000	2001	2002	2003
		RMB'000	RMB'000	RMB'000	RMB'000
Due from minority shareholders:					
Zhenfeng Industrial Investment Limited ( 貞豐縣工業投資有限公司 )	(i)	—	—	—	800
Hunchun Gold and Copper Mining Company Limited ( 琿春金銅礦業有限責任公司 )	(i)	—	—	—	647
Shanghang Da Guang Ming Electricity Group Limited ( 上杭大光明電力集團有限公司 )	(i)	—	—	—	6,860
Fujian Shanghang Jinma Economic Development Limited ( 福建省上杭縣金馬經濟開發有限公司 )	(i)	—	—	—	500
		—	—	—	8,807
Due from companies controlled by Xinjiang Ashele's shareholders:					
Xinjiang Non-ferrous Gold Construction Company ( 新疆有色黃金建設公司 )	(ii)	—	—	892	1,028
		—	—	892	1,028
Due from the shareholder of a minority shareholder:					
Shanghang Mining Construction Limited ( 上杭縣礦業建築有限公司 )	(i)	—	—	—	1,100
		—	—	892	10,935

		As at 31st December,			30th June,
	Notes	2000	2001	2002	2003
		RMB'000	RMB'000	RMB'000	RMB'000
Due to minority shareholders:					
Zhenfeng Industrial Investment Limited					
( 貞豐縣工業投資有限公司 )	(i)	—	—	1,000	53
Guizhou Land & Mineral Resources Development Company					
( 貴州省地質礦產資源開發總公司 )	(i)	—	—	2,000	63
Guizhou Bureau of Geology & Mineral Resources 105					
( 貴州省地質礦產調查開發局105地質大隊 )	(i)	—	—	1,000	31
Xiamen Hengxing Mining Company Limited					
( 廈門恒興礦業有限公司 )	(i)	—	—	1,000	15
Fujian Shanghang Hongyang Mine Engineering Company Limited					
( 福建上杭鴻陽礦山工程有限公司 )	(i)	—	—	—	11
		—	—	5,000	173
Due to companies controlled by Xinjiang Ashele's shareholders:					
Xinjiang Land & Mineral Bureau Geologic Team No.4					
( 新疆地礦局第四地質大隊 )	(iii)	—	—	—	50
Xinjiang Aletai Zhenan Blast Limited					
( 新疆阿勒泰震安爆破有限責任公司 )	(iii)	—	—	—	45
		—	—	—	95
		—	—	5,000	268

The Company

		As at 31st December,			30th June,
	Note	2000	2001	2002	2003
		RMB'000	RMB'000	RMB'000	RMB'000
Due from minority shareholders					
of the subsidiaries:					
Zhenfeng Industrial Investment Limited					
( 貞豐縣工業投資有限公司 )	(i)	—	—	—	800

Notes:

- (i) Except for the amounts due to Zhenfeng Industrial Investment Limited ( 貞豐縣工業投資有限公司 ), Guizhou Land & Mineral Resources Development Company ( 貴州省地質礦產資源開發總公司 ), Guizhou Bureau of Geology & Mineral Resources 105 ( 貴州省地質礦產調查開發局105地質大隊 ) and Xiamen Hengxing Mining Company Limited ( 廈門恒興礦業有限公司 ) as at 31st December, 2002 which represent fund received for capital injection of Guizhou Zijin and bear interest ranging from 4.425% to 5.58% per annum, the other balances represent loans which are unsecured, interest-free and have no fixed terms of repayment. The loan from Shanghang Da Guang Ming Electricity Group Limited ( 上杭大光明電力集團有限公司 ), Fujian Shanghang Jinma Economic Development Limited ( 福建省上杭縣金馬經濟開發有限公司 ) and Shanghang Mining Construction Limited ( 上杭縣礦業建築有限公司 ) were fully repaid on 19th August, 2003. The amounts due to Zhenfeng

Industrial Investment Limited, Guizhou Land & Mineral Resources Development Company (貴州省地質礦產資源開發總公司), Guizhou Bureau of Geology & Mineral Resources 105, Xiamen Hengxing Mining Company Limited and Fujian Shanghang Hongyang Mine Engineering Company Limited were repaid in September 2003.

- (ii) Except for the loan of RMB840,000 advanced to Xinjiang Non-ferrous Gold Construction Company (新疆有色黃金建設公司) which bears interest at 6.372% per annum and is repayable within one year, the remaining balance represents advance of construction proceeds which is unsecured, interest-free and repayable by offsetting future construction proceeds. All balances were repaid in October 2003.
- (iii) The balances represented construction works for infrastructure of Xinjiang Ashele copper mine, which are unsecured, interest-free and are repayable on terms mutually agreed between the parties. The balance due to Xinjiang Land & Mineral Bureau Geologic Team No.4 will be repaid before 31st December, 2003 according to the terms specified in the agreement. The balance due to Xinjiang Aletai Zhenan Blast Limited was repaid in July 2003.

(k) Pledged cash

Group

	31st December,			30th June,
	2000	2001	2002	2003
	RMB'000	RMB'000	RMB'000	RMB'000
Bank deposits pledged to a bank for banking facilities granted to the Company (note 5(n))	1,124	—	—	2,600
Quality guarantee deposit pledged to a bank for gold bullion sold	4,363	2,000	2,000	—
Guarantee deposit for implementation of a construction contract	—	—	—	830
	<u>5,487</u>	<u>2,000</u>	<u>2,000</u>	<u>3,430</u>

Company

	31st December,			30th June,
	2000	2001	2002	2003
	RMB'000	RMB'000	RMB'000	RMB'000
Bank deposits pledged to a bank for banking facilities granted to the Company (note 5(n))	1,124	—	—	—
Quality guarantee deposits pledged to a bank for gold bullion sold	<u>4,363</u>	<u>2,000</u>	<u>2,000</u>	—
	<u>5,487</u>	<u>2,000</u>	<u>2,000</u>	—



(l) Due to a shareholder

Group

	As at 31st December,			30th June,
	2000	2001	2002	2003
	RMB'000	RMB'000	RMB'000	RMB'000
Xiamen Hengxing Construction & Decoration Materials Company Limited (廈門恒興建築裝飾材料有限公司)	—	290	—	—

The amount due to a shareholder is unsecured, interest-free and is payable on normal commercial terms.

(m) Provision

Group and Company

	31 st December,			30th June,
	2000	2001	2002	2003
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year	—	3,255	3,255	—
Provided during the year/period	3,255	—	—	—
Utilised during the year/period	—	—	(3,241)	—
Write back during the year/period	—	—	(14)	—
At end of year/period	3,255	3,255	—	—

The provision is made in respect of the liabilities for bank loans granted to two independent third parties (the “Borrowers”) which were guaranteed by the Company. The bank loans were repayable by 25th October, 1999. However, the Borrowers failed to repay the bank loans in due course. The banker commenced proceedings against the Company as guarantor of the bank loans of approximately RMB6.5 million together with interest expenses. A 50% provision in respect of the guaranteed bank loans was made for the year ended 31st December, 2000, as in the opinion of the directors, it was expected that part of the losses arising from the guaranteed bank loans would be recovered from the Borrowers’ assets. The above cases had been settled as at 31st December, 2002.

(n) Trade and bills payables

Group

	Note	31st December,			30th June,
		2000	2001	2002	2003
		RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	(i)	44,578	47,368	76,680	95,230
Bills payables		<u>9,040</u>	<u>1,000</u>	<u>—</u>	<u>1,600</u>
		<u>53,618</u>	<u>48,368</u>	<u>76,680</u>	<u>96,830</u>

An ageing analysis of trade and bills payables are as follows:

		31st December,			30th June,
		2000	2001	2002	2003
		RMB'000	RMB'000	RMB'000	RMB'000
Within one year		53,054	47,919	76,327	96,028
Over 1 year but within 2 years		246	158	104	538
Over 2 years but within 3 years		262	61	20	34
Over 3 years		<u>56</u>	<u>230</u>	<u>229</u>	<u>230</u>
		<u>53,618</u>	<u>48,368</u>	<u>76,680</u>	<u>96,830</u>

Company

	Note	31st December,			30th June,
		2000	2001	2002	2003
		RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	(ii)	44,317	46,752	74,568	92,713
Bills payables		<u>9,040</u>	<u>1,000</u>	<u>—</u>	<u>—</u>
		<u>53,357</u>	<u>47,752</u>	<u>74,568</u>	<u>92,713</u>

An ageing analysis of trade and bills payable are as follows:

		31st December,			30th June,
		2000	2001	2002	2003
		RMB'000	RMB'000	RMB'000	RMB'000
Within one year		52,793	47,303	74,215	91,911
Over 1 year but within 2 years		246	158	104	538
Over 2 years but within 3 years		262	61	20	34
Over 3 years		<u>56</u>	<u>230</u>	<u>229</u>	<u>230</u>
Total		<u>53,357</u>	<u>47,752</u>	<u>74,568</u>	<u>92,713</u>

Notes:

- (i) Trade payables of the Group include trading balances due to shareholders of RMB17,437,000, RMB21,271,000, RMB24,077,000 and RMB35,695,000 as at 31st December, 2000, 2001, 2002 and 30th June, 2003, respectively. Trade payables also include trading balance due to a minority shareholder of RMB21,151,000 and RMB25,958,000 as at 31st December, 2002 and 30th June, 2003, respectively.
- (ii) Trade payables of the Company include trading balances due to shareholders of RMB17,437,000, RMB21,271,000, RMB24,077,000 and RMB35,211,000 as at 31st December, 2000, 2001, 2002 and 30th June, 2003, respectively. Trade payables also include the trading balances due to a minority shareholder of RMB21,151,000 and RMB25,958,000 as at 31st December, 2002 and 30th June, 2003, respectively.

Balances due to shareholders and a minority shareholder are unsecured, interest-free and repayable in accordance with normal commercial terms.

The bills payables are secured by bank deposits pledged to a bank (see note 5(k)).

(o) Interest-bearing bank loans

Group

	31st December,		30th June,	
	2000	2001	2002	2003
	RMB'000	RMB'000	RMB'000	RMB'000
Total bank loans	114,620	208,750	363,050	388,600
Less: Amounts due within one year included under current liabilities	(23,870)	(27,300)	(12,000)	(74,000)
Amounts due after one year	90,750	181,450	351,050	314,600
Bank loans				
Unsecured	—	29,000	203,800	238,600
Secured	114,620	179,750	159,250	150,000
	114,620	208,750	363,050	388,600
Bank loans are repayable as follows:				
Within 1 year	23,870	27,300	12,000	74,000
Between 1 and 2 years	38,300	92,450	191,250	139,800
Between 2 and 5 years	52,450	89,000	159,800	150,000
More than 5 years	—	—	—	24,800
	114,620	208,750	363,050	388,600

Company

	31st December,			30th June,
	2000	2001	2002	2003
	RMB'000	RMB'000	RMB'000	RMB'000
Total bank loans	114,620	208,750	353,050	338,600
Less: Amount due within one year included under current liabilities	<u>(23,870)</u>	<u>(27,300)</u>	<u>(12,000)</u>	<u>(74,000)</u>
Amount due after one year	<u>90,750</u>	<u>181,450</u>	<u>341,050</u>	<u>264,600</u>
Bank loans				
Unsecured	—	29,000	203,800	238,600
Secured	<u>114,620</u>	<u>179,750</u>	<u>149,250</u>	<u>100,000</u>
	<u>114,620</u>	<u>208,750</u>	<u>353,050</u>	<u>338,600</u>
Bank loans are repayable as follows:				
Within 1 year	23,870	27,300	12,000	74,000
Between 1 and 2 years	38,300	92,450	191,250	139,800
Between 2 and 5 years	52,450	89,000	149,800	100,000
More than 5 years	<u>—</u>	<u>—</u>	<u>—</u>	<u>24,800</u>
	<u>114,620</u>	<u>208,750</u>	<u>353,050</u>	<u>338,600</u>

The bank loans carry interest at rates ranging from 2.88% to 8.07% per annum.

The bank loans are secured by guarantees from third parties, certain shareholders and a minority shareholder of a subsidiary (note 4(k)(ii)).

(p) Long term other payables

Group

		31st December,		30th June,	
	Notes	2000	2001	2002	2003
		RMB'000	RMB'000	RMB'000	RMB'000
Fujian Geology & Mineral Technology Development Company (福建省地質礦產技術開發公司)	(i)	8,400	5,040	—	—
Xinjiang Geological, Mining and Prospecting Development Bureau (新疆地質礦產勘察開發局)	(ii)	—	—	32,420	32,420
Xinjiang Non-ferrous Metal Industry Company (新疆有色金屬工業公司)	(ii)	—	—	9,721	9,721
		8,400	5,040	42,141	42,141
Portion classified under current liabilities		(3,360)	(5,040)	—	—
		5,040	—	42,141	42,141

Company

		31st December,		30th June,	
	Note	2000	2001	2002	2003
		RMB'000	RMB'000	RMB'000	RMB'000
Fujian Geology & Mineral Technology Development Company (福建省地質礦產技術開發公司)	(i)	8,400	5,040	—	—
		8,400	5,040	—	—
Portion classified under current liabilities		(3,360)	(5,040)	—	—
		5,040	—	—	—

Notes:

- (i) The balances represented outstanding consideration payable for the purchase of mining rights of Zijinshan gold mine.
- (ii) The balances represented payable to the promoters of Xinjiang Ashele for the establishment of Xinjiang Ashele on 13th August, 1999.

Group

	2000	31st December, 2001	2002	30th June, 2003
	RMB'000	RMB'000	RMB'000	RMB'000
Other payables repayable:				
Within 1 year	3,360	5,040	—	—
Between 1 and 2 years	5,040	—	—	—
Between 2 and 5 years	—	—	16,809	25,253
More than 5 years	—	—	25,332	16,888
	<u>8,400</u>	<u>5,040</u>	<u>42,141</u>	<u>42,141</u>

Company

	2000	31st December, 2001	2002	30th June, 2003
	RMB'000	RMB'000	RMB'000	RMB'000
Other payables repayable:				
Within 1 year	3,360	5,040	—	—
Between 1 and 2 years	<u>5,040</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>8,400</u>	<u>5,040</u>	<u>—</u>	<u>—</u>

(q) Short term bank loans

Group

	2000	31st December, 2001	2002	30th June, 2003
	RMB'000	RMB'000	RMB'000	RMB'000
Unsecured	360	10,100	36,000	36,000
Secured	<u>41,400</u>	<u>49,250</u>	<u>2,200</u>	<u>6,200</u>
	<u>41,760</u>	<u>59,350</u>	<u>38,200</u>	<u>42,200</u>

Company

	2000	31st December, 2001	2002	30th June, 2003
	RMB'000	RMB'000	RMB'000	RMB'000
Unsecured	360	10,100	36,000	36,000
Secured	<u>41,400</u>	<u>49,250</u>	<u>2,200</u>	<u>—</u>
	<u>41,760</u>	<u>59,350</u>	<u>38,200</u>	<u>36,000</u>

The short term bank loans are secured by guarantees from third parties and certain shareholders of the Company (note 4 (k)(ii)).